

**SCHOOL DISTRICT OF THE
BOROUGH OF TINTON FALLS
COUNTY OF MONMOUTH, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2014**

**BOARD OF EDUCATION
BOROUGH OF TINTON FALLS
STATE OF NEW JERSEY**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014

**PREPARED BY
TINTON FALLS BOARD OF EDUCATION
BOARD SECRETARY'S OFFICE**

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INTRODUCTORY SECTION

THE TINTON FALLS SCHOOL DISTRICT

ADMINISTRATIVE OFFICES

658 TINTON AVENUE

TINTON FALLS, NJ 07724

(732) 460-2400

FAX (732) 542-1158

<http://tfs.k12.nj.us>

John P. Russo
Superintendent of Schools

Elizabeth W. Cole
Director of Special Services

Tamar R. Sydney-Gens
Business Administrator/Board Secretary

November 3, 2014

Honorable President and
Members of the Board of Education
Tinton Falls Schools
County of Monmouth, New Jersey

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Tinton Falls School District (District) for the fiscal year ended June 30, 2014. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement No. 34. The District has adopted this financial reporting model which we believe will provide all users of this document with more useful financial and statistical information. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. This report will provide the taxpayers of the Tinton Falls School District with comprehensive financial data in a format enabling them to gain an understanding of the School District's financial affairs.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School district, generally presented on a multi-year basis;
- The Single Audit Section – The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit act of 1996, as amended, the U.S. Office of Management and budget circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 OMB< "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants,

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along with findings and questioned costs, are included in the single audit section of this report.

1. Reporting Entity and its Services: Tinton Falls School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Tinton Falls Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8, as well as a pre-school handicapped program. These include regular as well as handicapped students. The District completed the 2013-2014 fiscal year with an enrollment of 1,542 which is eleven (+11) students above the previous year's ending enrollment. The following details the changes in the student enrollment of the District over the last 15 years.

Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
1998-1999	1,814	+4.99%
1999-2000	1,909	+5.24%
2000-2001	1,867	- 2.25%
2001-2002	1,810	- 3.15%
2002-2003	1,729	- 4.68%
2003-2004	1,761	+1.85%
2004-2005	1,610	- 8.57%
2005-2006	1,602	-0.005%
2006-2007	1,577	-0.016%
2007-2008	1,578	+0.0007%
2008-2009	1,632	+0.034%
2009-2010	1,585	- 0.028%
2010-2011	1,572	- 0.008%
2011-2012	1,565	- 0.004%
2012-2013	1,531	- 0.02 %
2013-2014	1,542	+ 0.7%

2. Economic Condition and Outlook: The Tinton Falls area is still experiencing a period of steadiness which is expected to continue due to the economy of the country at this time. The economic conditions have been consistent with that of the country. Fort Monmouth closed completely in September, 2011. The district anticipated a small decrease in enrollment based on families who relocate due to the closure. However, there are also a number of housing developments that were approved in Tinton Falls and building has begun. The district anticipates an increase in enrollment once those

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homes are built and occupied. There is a concern regarding the future civilian housing proposed at Earle Naval Weapons Station which will have an impact on any school district's student enrollment and finances. Efforts continue to be made by the Board of Education to limit the exposure to the Tinton Falls School District and their taxpayers.

3. Major Initiatives: As a result of a comprehensive review of educational curriculum programs, instruction and services within the district, the following initiatives have been reviewed and or expanded:

The 2013-2014 budget supported a comprehensive approach to the district's educational initiatives. It supported the teaching and curriculum process while addressing the physical plant needs of each of our schools. The budget included, but was not limited to the following initiatives:

Maintaining our School System:

- Continued the development and implementation of Professional Learning Communities
- Refinement of our Balanced Literacy Program
- Enhancement of the following curricular areas through the review and update of each curriculum based on the Revised 2009 Core curriculum Content Standards and the Common Core State Standards in Math (6-8) and STEM (6-8)
- Continued the use of Promethean Interactive White boards and continued comprehensive training in their use
- Continued implementation of the Parent Portal to enhance communication regarding academic progress as well as use for communication of all district and school information
- Maintain an informative District website to support communication with parents and the community

Raising Standards and Expanding Opportunities:

- Through continued interaction with the District Evaluation Advisory Committee to continue to enhance Teacher Evaluation
- Through Professional Development advised by the School Improvement Panels and District Data Teams
- Through the development of Student Growth Objectives for Teachers and Principals
- Through the development of Common Assessments for each Content area designed to measure student progress and instructional effectiveness
- Through the development of electronic lesson plans
- Through the development and training of co-teaching instructional models

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4. Internal Accounting Controls: Management of the district is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. Budgetary Controls: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted by the Board of Education for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved by the Board of Education for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line items basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2014.

6. Accounting System and Reports: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

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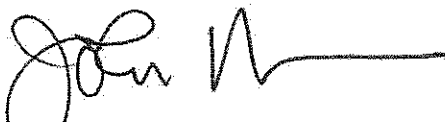
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Superintendent of Schools

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Director of Special Services

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Business Administrator/Board Secretary

7. Cash Management: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. Risk Management: The Board carries various forms of insurance, included but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.
9. Other Information: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkatz, Cerullo & Cuva, P.A., was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996, as amended and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general-purpose financial statements and combining the individual fund statement and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.
10. Acknowledgments: We would like to express our appreciation to the members of the Tinton Falls School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

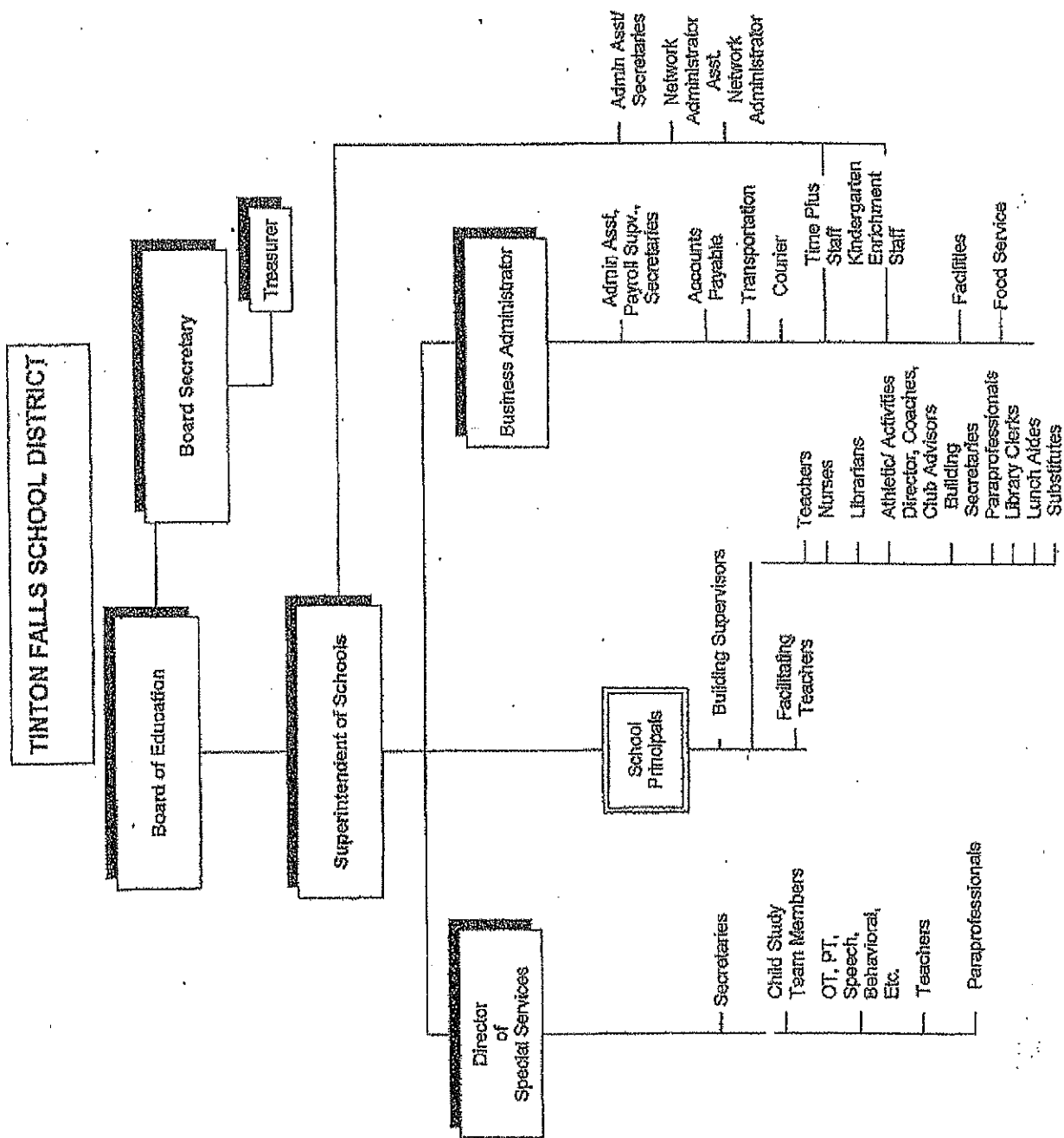
Respectfully submitted,



Mr. John Russo
Superintendent of Schools



Mrs. Tamar R. Sydney-Gens
Business Administrator/Board Secretary



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ROSTER OF OFFICIALS as of June 30, 2014

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Peter Karavites, President	2014
Bill Holobowski, Vice President	2016
Susan E. Fisher	2016
Paul Ford	2015
Kenneth Hager	2016
Fred Lomangino	2015
Frank Pomilla	2014
Gerard Ryan	2014
R. Chris Skurat	2015

Other Officials:

Mr. John Russo, Superintendent of Schools

Tamar R. Sydney-Gens, Business Administrator/Board Secretary

John Paredes, Treasurer of School Monies

Martin M. Barger, Solicitor

TINTON FALLS BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Audit Firm

Ferraioli, Wielkott, Cerullo & Cuva, P.A.
401 Wanaque Avenue
Pompton Lakes, NJ 07442

Attorney

Martin M. Barger, Esq.

Official Depository

TD Bank N.A.
New Jersey Cash Management Fund
Bank of America

FINANCIAL SECTION

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Tinton Falls School District
County of Monmouth, New Jersey
Tinton Falls, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Tinton Falls School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



Honorable President and
Members of the Board of Education
Page 2.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Tinton Falls Board of Education, in the County of Monmouth, State of New Jersey, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Tinton Falls Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, financial schedules and statistical data section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2014 on our consideration of the Borough of Tinton Falls Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope

Honorable President and
Members of the Board of Education
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of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Tinton Falls Board of Education's internal control over financial reporting and compliance.



Paul J. Cuva, C.P.A.
Licensed Public School Accountant
No. CS00076600



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

October 7, 2014



**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT
TINTON FALLS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

The discussion and analysis of the Tinton Falls Board of Education's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole and should not be interpreted as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the District's revenues and expenditures by program for the General Fund, Special Revenue Fund and Enterprise Fund.

FINANCIAL HIGHLIGHTS

- In total, net position increased \$1,891,898. Net position of governmental activities increased by \$1,734,782 and net position of business-type activity increased by \$157,116.
- General revenues accounted for \$26,773,387 in revenue or 90.7 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,756,053 or 9.3 percent of total revenues of \$29,529,440.
- The School District had \$26,952,999 in expenses related to governmental activities; only \$1,914,394 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$26,773,387 were adequate to provide for these programs.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole (district-wide statements), and then proceed to provide an increasingly detailed look at specified financial activities.

District-Wide Financial Statements

The *statement of net position and statement of activities* reports information about the District as a whole and about its activities in a manner that helps answer the question, "Is the District better or worse off as a result of the year's activities?" These statements include all assets and liabilities of the District using the accrual basis of accounting, similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

Both of the district-wide financial statements distinguish functions of the Tinton Falls Board of Education that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT
TINTON FALLS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

In the *Statement of Net Position and the Statement of Activities*, the District is divided into two distinct kinds of activities:

- **Governmental Activities** – All of the school district's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-type Activities** – These services are provided on a charge for goods and services basis to recover all the expenses of the goods or services provided. The Food Service, Enterprise Fund, Time + program and the Kindergarten Enrichment Program are reported as business activities.

The two statements report the District's net position and changes in them. The change in net position can be utilized by a reader to assist in determining whether the District's financial health is improving or deteriorating. However, the reader should also consider non-financial factors such as property tax base, current New Jersey laws restricting revenue growth, student enrollment growth, facility conditions, required educational programs and other factors in determining the District's overall financial health.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Tinton Falls Board of Education, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the district's funds can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities* (reported in the Statement of Net Position and the Statement of Activities).

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT
TINTON FALLS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

The Tinton Falls Board of Education maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the general, special revenue, capital projects and debt service funds, which are considered to be major funds.

The Tinton Falls Board of Education adopts annual appropriated budgets for its governmental funds. A budgetary comparison statement has been provided for the general fund, special revenue fund and debt service to demonstrate compliance with their budgets.

Proprietary Funds

Proprietary funds use the accrual basis of accounting, the same as on the government-wide statements, therefore the statements will essentially match the business-type activities portion of the government-wide statements. The Tinton Falls Board of Education uses proprietary funds to account for its food service program, Kindergarten Enrichment and the Time + program.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT
TINTON FALLS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS

The Statement of Net Position provides the perspective of the District as a whole. Net position may, over time, serve as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The School District's net positions were \$30,616,075 at June 30, 2014 and \$28,724,177 at June 30, 2013. Restricted net position is reported separately to show legal constraints that limit the School District's ability to use those items of net position for day-to-day operations. Our analysis below focuses on the net position for 2014 compared to 2013 (Table 1) and change in net position (Table 2) of the School District.

Table 1

**Net Position
June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013 Restated</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013 Restated</u>
Assets						
Current and Other Assets	16,174,303	15,943,804	1,161,324	1,009,998	17,335,627	16,953,802
Capital Assets	<u>26,225,555</u>	<u>26,200,681</u>	<u>7,307</u>	<u>8,350</u>	<u>26,232,862</u>	<u>26,209,031</u>
Total Assets	<u>42,399,858</u>	<u>42,144,485</u>	<u>1,168,631</u>	<u>1,018,348</u>	<u>43,568,489</u>	<u>43,162,833</u>
Liabilities						
Current Liabilities	4,266,407	4,019,243	67,890	74,723	4,334,297	4,093,966
Noncurrent Liabilities	<u>8,618,117</u>	<u>10,344,690</u>			<u>8,618,117</u>	<u>10,344,690</u>
Total Liabilities	<u>12,884,524</u>	<u>14,363,933</u>	<u>67,890</u>	<u>74,723</u>	<u>12,952,414</u>	<u>14,438,656</u>
Net Position						
Invested in Capital Assets- -						
Net of Debt	16,413,404	15,185,862	7,307	8,350	16,420,711	15,194,212
Restricted	10,128,673	9,452,784			10,128,673	9,452,784
Unrestricted	<u>2,973,257</u>	<u>3,141,906</u>	<u>1,093,434</u>	<u>935,275</u>	<u>4,066,691</u>	<u>4,077,181</u>
Total Net Position	<u>29,515,334</u>	<u>27,780,552</u>	<u>1,100,741</u>	<u>943,625</u>	<u>30,616,075</u>	<u>28,724,177</u>

This year, the District was able to report a balance of \$4,066,691 in its unrestricted net position, which is a decrease from the previous years' balance of \$10,490.

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT
TINTON FALLS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net position for fiscal year 2014 compared to 2013.

**Table 2
Changes in Net Position
Year Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues						
Program Revenues:						
Charges for Services and						
Sales			675,816	715,050	675,816	715,050
Operating Grants and						
Contributions	1,630,612	1,788,977	165,843	153,371	1,796,455	1,942,348
Capital Grants and						
Contributions	283,782	851,981			283,782	851,981
General Revenues:						
Taxes:						
Property taxes	21,493,097	20,844,568			21,493,097	20,844,568
Federal and State Aid						
Not Restricted	5,113,720	5,541,513			5,113,720	5,541,513
Tuition Received	72,534	58,984			72,534	58,984
Miscellaneous Income	95,771	71,136			95,771	71,136
Investment Earnings		8,160			0	8,160
Transfer from FEMA Grant	<u>1,090</u>	<u>5,452</u>	<u> </u>	<u> </u>	<u>1,090</u>	<u>5,452</u>
Total Revenues and Transfers	<u>28,690,606</u>	<u>29,170,771</u>	<u>841,659</u>	<u>868,421</u>	<u>29,532,265</u>	<u>30,039,192</u>

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT
TINTON FALLS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Functions/Program						
Instruction:						
Regular	7,111,079	7,727,613			7,111,079	7,727,613
Special Education	2,245,663	2,163,019			2,245,663	2,163,019
Other Special Instruction	428,882	406,369			428,882	406,369
Other Instruction	123,080	117,308			123,080	117,308
Support Services:						
Tuition	472,421	540,165			472,421	540,165
Student & Instruction						
Related Services	3,446,431	3,309,953			3,446,431	3,309,953
School Administrative						
Services	915,384	908,650			915,384	908,650
General Administrative						
Services	575,136	532,366			575,136	532,366
Central Services and						
Admin. Technology	360,903	385,938			360,903	385,938
Plant Operations and						
Maintenance	1,770,799	1,713,986			1,770,799	1,713,986
Pupil Transportation	1,603,811	1,542,468			1,603,811	1,542,468
Unallocated Benefits	6,189,116	6,047,880			6,189,116	6,047,880
Capital Outlay - Non-						
Depreciable	17,762	17,762			17,762	17,762
Unallocated Depreciation	1,251,235	1,147,000			1,251,235	1,147,000
Interest on Long Term Debt	441,297	507,278			441,297	507,278
Transfers	2,825				2,825	
Food Service			445,823	452,665	445,823	452,665
Time+			145,455	158,016	145,455	158,016
Kindergarten Enrichment			93,265	100,954	93,265	100,954
Total Expenses and Transfers	<u>26,955,824</u>	<u>27,067,755</u>	<u>684,543</u>	<u>711,635</u>	<u>27,640,367</u>	<u>27,779,390</u>
Increase or (Decrease) in						
Net Position	<u>1,734,782</u>	<u>2,103,016</u>	<u>157,116</u>	<u>156,786</u>	<u>1,891,898</u>	<u>2,259,802</u>

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT
TINTON FALLS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Governmental and Business- Activities

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was \$27,640,367. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$21,493,097 because some of the cost was paid by those who benefitted from the programs \$675,816, by other governments and organizations who subsidized certain programs with grants and contributions \$7,193,957, tuition income \$72,534 and by miscellaneous sources \$96,861.

Revenues for the District's business-type activities (food service, time + and kindergarten enrichment programs) were comprised of charges for services and federal and state subsidy reimbursements. Significant financial results include the following:

- ✓ Revenues exceeded expenses by \$157,116.
- ✓ Charges for services provided totaled \$675,816. This represents amounts paid by consumers for charges for services.
- ✓ Federal and state reimbursement for meals served, including payments for free and reduced priced lunches, and donated commodities was \$165,843.

The following schedules present a summary of governmental fund revenues and expenditures for the fiscal year ended June 30, 2014, and the amount and percentage of increases/(decreases) relative to the prior year.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2013</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$21,661,402	75.50%	\$587,328	(123.44)%
State Sources	6,385,646	22.26%	(910,000)	191.26%
Federal Sources	<u>642,468</u>	<u>2.24%</u>	<u>(153,132)</u>	<u>32.18%</u>
Total	<u>\$28,689,516</u>	<u>100.00%</u>	<u>(\$475,804)</u>	<u>100.00%</u>

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT
TINTON FALLS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

The increase in local revenue sources can be attributed to the increase in the local tax levy and miscellaneous revenues. The increase in state revenue is a result of an increase in state aid payments to the District.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2013</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$9,883,838	35.03%	(\$503,455)	28.51%
Undistributed	15,342,727	54.37%	389,553	(22.06)%
Capital Outlay	1,121,963	3.98%	(1,641,764)	92.96%
Debt Service	<u>1,870,703</u>	<u>6.63%</u>	<u>(10,400)</u>	<u>0.59%</u>
Total	<u>\$28,219,231</u>	<u>100.00%</u>	<u>(\$1,766,066)</u>	<u>100.00%</u>

Changes in expenditures were the result of varying factors. Current expense undistributed increased due to significant increase in State On-Behalf payment for pension benefits cost increases combined with increased student special education costs.

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School District's budgets are prepared according to New Jersey law, and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds are the general fund, special revenue fund, and debt service fund.

During the fiscal year ended June 30, 2014, the School District amended the budgets of these major governmental funds several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- TPAF, which is the state's contribution to the pension fund and medical retirement, is neither a budgeted revenue item nor a budgeted expenditure item to the district but is required to be reflected in the financial statements.
- The special revenue fund was increased by \$180,641 for increases in federal, state and local grant revenues.

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT
TINTON FALLS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (CONTINUED)**

**MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS,
(continued)**

General Fund

The general fund actual revenue was \$25,877,268. That amount is \$2,565,670 above the final amended budget of \$23,311,598. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$1,995,543 for TPAF social security reimbursements and on-behalf pension and medical retirement payments, an excess in other state and federal aids of \$496,472, and a \$73,655 excess in local anticipated revenues.

The actual expenditures of the general fund were \$24,912,253. This is \$3,542,211 below the final amended budget of \$28,454,464. The variance between the actual expenditures and final budget was due to an unfavorable variance in non-budget on-behalf TPAF social security and pension payments of \$1,995,543, and a favorable variance of \$5,537,754 in unexpended budgeted funds.

The general fund had total revenues of \$25,877,268 and total expenditures of \$24,912,253 with an ending fund balance of \$11,847,734.

Special Revenue Fund

The special revenue fund actual revenue was \$726,821. That amount is above the original budget estimate of \$546,180 and equal to the final amended budget. The \$180,641 variance between the original and final budget was due to additional federal and state grant monies awarded to the District after the original budget was approved.

The actual expenditures of the special revenue fund were \$726,821, which is above the original budget of \$546,180. The \$180,641 variance between the original budget was due to additional expenditures related to the additional grants awarded to the District after the original budget was approved.

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT
TINTON FALLS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2014, the School District had \$43,366,954 invested in land, buildings and building improvements, machinery and equipment, and construction in progress. Of this amount, \$17,141,399 in depreciation has been taken over the years. We currently have a net book value of \$26,225,555. Total depreciable additions for the year were \$1,104,201, the majority of which was for various technology and office equipment and building improvements and depreciable deletions of \$834,155, which was transfers from construction in progress to capital assets being depreciated and asset deletions. Table 3 shows fiscal year 2014 balances compared to 2013.

**Table 3
Capital Assets at June 30,
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	239,620	239,620			239,620	239,620
Buildings and Site Improvements	24,339,594	24,705,733			24,339,594	24,705,733
Furniture, Equipment and Vehicles	401,361	452,301	7,307	8,350	408,668	460,651
Construction in Progress	<u>1,244,980</u>	<u>1,042,647</u>			<u>1,244,980</u>	<u>1,042,647</u>
	<u>26,225,555</u>	<u>26,440,301</u>	<u>7,307</u>	<u>8,350</u>	<u>26,232,862</u>	<u>26,448,651</u>

Debt Administration

At June 30, 2014, the district had \$10,320,405 of outstanding debt. Of this amount, \$508,254 is for compensated absences; \$109,151 is for various capital leases; and \$9,703 000 of serial bonds issued for the financing of various school construction projects.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Due to the current state of the economy in New Jersey and across the country, our economic outlook is not as bright as we would hope. This economic reality will have an impact on our ability to advance our program and educational goals. These factors will be considered in preparing the Tinton Falls Board of Education's budget for the 2014-2015 fiscal year.

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT
TINTON FALLS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (CONTINUED)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS, (continued)

The following factors were considered in preparing the 2014-2015 fiscal year budget:

- Estimated student enrollment
- Sources of revenue
- Cost of negotiated salaries and benefits
- Cost of fixed charges
- Mandated programs
- Requirements for health and safety issues

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Tinton Falls Board of Education's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Tamar Sydney-Gens,
School Business Administrator
Tinton Falls School District
658 Tinton Avenue
Tinton Falls, New Jersey 07724

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Tinton Falls School District
Statement of Net Assets
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	8,567,354	1,096,908	9,664,262
Receivables, net	3,861,234	28,641	3,889,875
Internal Balances	(30,637)	30,637	-
Inventory		5,138	5,138
Restricted assets:			
Cash and cash equivalents	3,776,352		3,776,352
Capital assets:			
Land	239,620		239,620
Construction in Process	1,244,980		1,244,980
Depreciable Capital Assets	24,740,955	7,307	24,748,262
Total Assets	<u>42,399,858</u>	<u>1,168,631</u>	<u>43,568,489</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,038,031	23,085	1,061,116
Prepaid Taxes	34,831		34,831
Payable to the Federal Government	258,516		258,516
Payable to the State Government	4,945		4,945
Advanced revenue	1,227,796	44,805	1,272,601
Noncurrent liabilities:			
Due within one year	1,702,288		1,702,288
Due beyond one year	8,618,117		8,618,117
Total liabilities	<u>12,884,524</u>	<u>67,890</u>	<u>12,952,414</u>
NET POSITION			
Invested in capital assets, net of related debt	16,413,404	7,307	16,420,711
Restricted for:			
Debt service	9,404		9,404
Capital projects	2,212,246		2,212,246
Other Purposes	7,907,023		7,907,023
Unrestricted (Deficit)	2,973,257	1,093,434	4,066,691
Total net position	<u>29,515,334</u>	<u>1,100,741</u>	<u>30,616,075</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Tinton Falls School District
Statement of Activities
For the Year Ended June 30, 2014

For the Year Ended June 30, 2014								
Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	7,086,213	24,866		505,049		(6,606,030)		(6,606,030)
Special education	2,245,663					(2,245,663)		(2,245,663)
Other special instruction	428,882					(428,882)		(428,882)
Other instruction	123,080					(123,080)		(123,080)
Support services:								
Tuition	472,421					(472,421)		(472,421)
Student & instruction related services	3,446,431			221,772		(3,224,659)		(3,224,659)
General administrative services	545,022	30,114				(575,136)		(575,136)
School administrative services	915,384					(915,384)		(915,384)
Central Services and Administrative Technology	360,903					(360,903)		(360,903)
Plant operations and maintenance	1,758,067	12,732		854,382		(1,770,799)		(1,770,799)
Pupil transportation	1,603,811					(749,429)		(749,429)
Employee Benefits	6,189,116					(6,189,116)		(6,189,116)
Capital outlay—undepreciable	17,762				283,782	266,020		266,020
Interest on long-term debt	441,297			49,409		(391,888)		(391,888)
Unallocated depreciation	1,251,235					(1,251,235)		(1,251,235)
Total governmental activities	26,885,287	67,712	-	1,630,612	283,782	(25,038,605)	-	(25,038,605)
Business-type activities:								
Food Service	445,823		280,993	165,843			1,013	1,013
Time +	145,455		229,715				84,260	84,260
Kindergarten Enrichment Program	93,265		165,108				71,843	71,843
Total business-type activities	684,543	-	675,816	165,843	-		157,116	157,116
Total primary government	27,569,830	67,712	675,816	1,796,455	283,782	(25,038,605)	157,116	(24,881,489)
General revenues:								
Property Taxes Levied for:								
General Purposes							19,721,365	19,721,365
Debt Service							1,771,732	1,771,732
Federal and State aid not restricted							5,113,720	5,113,720
Tuition							72,534	72,534
Miscellaneous income							95,771	95,771
Transfer financing sources and (uses)							(1,735)	(1,735)
Total general revenues, special items, extraordinary items and transfers							26,773,387	26,773,387
Change in Net Position							1,734,782	1,891,898
Net Position—beginning								28,724,177
Net Position—ending							27,780,552	30,616,075

The accompanying Notes to the Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

Tinton Falls School District
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	8,164,994	30,450	362,506	9,404	8,567,354
Receivables from Other Governments	504,129	408,180	2,944,328		3,856,637
Tuitions Receivable	4,597				4,597
Restricted Cash and Cash Equivalents	3,776,352				3,776,352
Total Assets	<u>12,450,072</u>	<u>438,630</u>	<u>3,306,834</u>	<u>9,404</u>	<u>16,204,940</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	836,853	93,124			929,977
Prepaid Taxes	34,831				34,831
Payable to the Federal Government		258,516			258,516
Payable to the State Government		4,945			4,945
Interfund Accounts Payable	30,637				30,637
Advanced Revenue	51,163	82,045	1,094,588		1,227,796
Total Liabilities	<u>953,484</u>	<u>438,630</u>	<u>1,094,588</u>		<u>2,486,702</u>
Fund Balances:					
Restricted for:					
Excess Surplus -- current year	2,009,291				2,009,291
Excess Surplus - prior year -designated for subsequent year's expenditures	2,120,264				2,120,264
Emergency Reserve	250,000				250,000
Maintenance Reserve	1,484,282				1,484,282
Capital Reserve	2,042,070				2,042,070
Assigned to:					
Other purposes	2,463,584				2,463,584
Debt Service				9,404	9,404
Designated by the BOE for subsequent year's expenditures	522,321				522,321
Capital Projects			2,212,246		2,212,246
Unassigned:					
General Fund	604,776				604,776
Total Fund Balances	<u>11,496,588</u>		<u>2,212,246</u>	<u>9,404</u>	<u>13,718,238</u>
Total Liabilities and Fund Balances	<u>12,450,072</u>	<u>438,630</u>	<u>3,306,834</u>	<u>9,404</u>	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$43,366,954 and the accumulated depreciation is \$17,141,399.

26,225,555

Interest on Long-term debt accrued

(108,054)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6)

(10,320,405)

Net position of governmental activities

29,515,334

The accompanying Notes to the Financial Statements are an integral part of this statement.

Tinton Falls School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	19,721,365			1,771,732	21,493,097
Tuition	72,534				72,534
Miscellaneous	62,121	29,453	4,197		95,771
Total - Local Sources	19,856,020	29,453	4,197	1,771,732	21,661,402
State Sources	5,964,543	87,912	283,782	49,409	6,385,646
Federal Sources	33,012	609,456			642,468
Total Revenues	25,853,575	726,821	287,979	1,821,141	28,689,516
EXPENDITURES					
Current:					
Regular Instruction	6,581,164	505,049			7,086,213
Special Education Instruction	2,245,663				2,245,663
Other Special Instruction	428,882				428,882
Other Instruction	123,080				123,080
Support Services and Undistributed Costs:					
Tuition	472,421				472,421
Student & Instruction Related Services	3,224,659	221,772			3,446,431
General Administrative Services	545,022				545,022
School Administrative Services	915,384				915,384
Central Services and Administrative Technology	388,191				388,191
Plant Operations and Maintenance	1,758,067				1,758,067
Pupil Transportation	1,603,811				1,603,811
Employee Benefits	6,213,400				6,213,400
Debt Service:					
Principal				1,415,000	1,415,000
Interest and Other Charges				455,703	455,703
Capital Outlay	412,509	-	709,454		1,121,963
Total Expenditures	24,912,253	726,821	709,454	1,870,703	28,219,231
Excess (Deficiency) of Revenues Over Expenditures	941,322	-	(421,475)	(49,562)	470,285
OTHER FINANCING SOURCES (USES)					
Transfers in			55,775	4,197	59,972
Transfers out	(57,510)		(4,197)		(61,707)
Total other financing sources and uses	(57,510)	-	51,578	4,197	(1,735)
Net Change in Fund Balances	883,812	-	(369,897)	(45,365)	468,550
Fund Balance—July 1	10,612,776		2,582,143	54,769	13,249,688
Fund Balance—June 30	11,496,588	-	2,212,246	9,404	13,718,238

The accompanying Notes to the Financial Statements are an integral part of this statement.

Tinton Falls School District
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2014

Total net change in fund balances - governmental funds (from B-2)	468,550
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Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	(1,318,947)
Depreciable Capital outlays	1,104,201

Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

In the current year, these amounts consist of:

Principal Payments on Bonds	1,415,000
Principal Payments on Capital Leases	27,288

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in compensated absences payable	24,284
--	--------

In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.

The change in accrued interest is an addition in the reconciliation.

Accrued interest - current year	(108,054)
Accrued interest - prior year	122,460

Change in net assets of governmental activities

1,734,782

The accompanying Notes to the Financial Statements are an integral part of this statement.

Tinton Falls School District
Combining Statement of Net Position
Enterprise Funds
June 30, 2014

	Food Service Program	Time + Program	Kindergarten Enrichment Program	Totals
ASSETS				
Current Assets:				
Cash and Cash Equivalents	83,215	487,435	526,258	1,096,908
Accounts Receivable:				
State	950			950
Federal	27,691			27,691
Interfund-Accounts Receivable	30,637			30,637
Inventory	5,138			5,138
Total Current Assets	<u>147,631</u>	<u>487,435</u>	<u>526,258</u>	<u>1,161,324</u>
Noncurrent Assets:				
Capital Assets:				
Equipment	31,316			31,316
Less Accumulated Depreciation	(24,009)			(24,009)
Total Capital Assets (Net of Accumulated Depreciation)	<u>7,307</u>	<u>-</u>	<u>-</u>	<u>7,307</u>
Total Assets	<u><u>154,938</u></u>	<u><u>487,435</u></u>	<u><u>526,258</u></u>	<u><u>1,168,631</u></u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	20,988	409	1,688	23,085
Advanced Revenue	7,240		37,565	44,805
Total Current Liabilities	<u>28,228</u>	<u>409</u>	<u>39,253</u>	<u>67,890</u>
Total Liabilities	<u>28,228</u>	<u>409</u>	<u>39,253</u>	<u>67,890</u>
NET POSITION				
Invested in Capital Assets Net of Related Debt	7,307			7,307
Unrestricted	119,403	487,026	487,005	1,093,434
Total Net Position	<u><u>126,710</u></u>	<u><u>487,026</u></u>	<u><u>487,005</u></u>	<u><u>1,100,741</u></u>

Tinton Falls School District
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the Year Ended June 30, 2014

	Food Service Program	Time + Program	Kindergarten Enrichment Program	Totals
Operating Revenues:				
Charges for Services:				
Daily Sales - Reimbursable Programs	178,653			178,653
Daily Sales - Non-Reimbursable Programs	99,284			99,284
Miscellaneous	3,056	229,715	165,108	397,879
Total Operating Revenues	<u>280,993</u>	<u>229,715</u>	<u>165,108</u>	<u>675,816</u>
Operating Expenses:				
Cost of Sales	213,811			213,811
Labor	178,939	128,949	86,158	394,046
Supplies and Materials	36,552	4,680	737	41,969
Employee Benefits	11,845	10,452	6,370	28,667
Miscellaneous Expense	3,632	1,374		5,006
Depreciation	1,044			1,044
Total Operating Expenses	<u>445,823</u>	<u>145,455</u>	<u>93,265</u>	<u>684,543</u>
Operating Income (Loss)	<u>(164,830)</u>	<u>84,260</u>	<u>71,843</u>	<u>(8,727)</u>
Non-operating Revenues (Expenses):				
State Sources:				
State School Lunch Program	5,001			5,001
Federal Sources:				
National School Lunch Program	128,107			128,107
National School Breakfast Program	5,419			5,419
Food Distribution Program	27,316			27,316
Total Non-operating Revenues (Expenses)	<u>165,843</u>	<u>-</u>	<u>-</u>	<u>165,843</u>
Income (Loss) Before Contributions & Transfers	<u>1,013</u>	<u>84,260</u>	<u>71,843</u>	<u>157,116</u>
Transfers In (Out)				-
Change in Net Assets	<u>1,013</u>	<u>84,260</u>	<u>71,843</u>	<u>157,116</u>
Total Net Position - Beginning	<u>125,697</u>	<u>402,766</u>	<u>415,162</u>	<u>943,625</u>
Total Net Position—Ending	<u>126,710</u>	<u>487,026</u>	<u>487,005</u>	<u>1,100,741</u>

Tinton Falls School District
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2014

	Food Service Program	Time + Program	Kindergarten Enrichment Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	280,638	229,715	166,348	676,701
Payments to employees	(190,784)	(139,401)	(92,528)	(422,713)
Payments for Miscellaneous Expenses	(3,632)	(5,645)	391	(8,886)
Payments to Food Service Management Company	(260,648)			(260,648)
Net Cash Provided by (Used for) Operating Activities	(174,426)	84,669	74,211	(15,546)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources	4,997			4,997
Federal Sources	157,842			157,842
Net Cash Provided by (Used for) Non-Capital Financing Activities	162,839	-	-	162,839
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interfunds	21,538			21,538
Net Cash Provided by (Used for) Capital Related Financing Activities	21,538	-	-	21,538
Net Increase (Decrease) in Cash and Cash Equivalents	9,951	84,669	74,211	168,831
Balances—Beginning of Year	73,264	402,766	452,047	928,077
Balances—End of Year	83,215	487,435	526,258	1,096,908
Reconciliation of Operating Income (Loss) to Net Cash Provided				
(Used) by Operating Activities:				
Operating Income (Loss)	(164,830)	84,260	71,843	(8,727)
Adjustments to reconcile operating income (loss) to net cash provided by				
Depreciation	1,044			1,044
Increase (Decrease) in Deferred Revenue	(355)		1,240	885
(Increase) Decrease in Inventory	(1,030)			(1,030)
Increase (Decrease) in Accounts Payable	(9,255)	409	1,128	(7,718)
Total Adjustments	(9,596)	409	2,368	(6,819)
Net Cash Provided by (Used for) Operating Activities	(174,426)	84,669	74,211	(15,546)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Tinton Falls School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	<u>Agency Fund</u>
ASSETS	
Cash and Cash Equivalents	63,803
Total Assets	<u>63,803</u>
LIABILITIES	
Payable to student groups	43,272
Payroll deductions and withholdings	<u>20,531</u>
Total Liabilities	<u>63,803</u>
NET POSITION	<u> </u>

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY:

The Board of Education of the Borough of Tinton Falls ("Board") School District (the "District") is an instrumentality of the State of New Jersey, established to function as an educational institution. The Borough of Tinton Falls School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-8. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Board holds the corporate powers of the organization
- the Board appoints a voting majority of the organization's board
- the Board is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Board
- there is a fiscal dependency by the organization on the Board

Based on the aforementioned criteria, the Board has no component units. Furthermore, the Board is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Board have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the board's accounting policies are described below.

A. Basis of Presentation:

The Board's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

District-wide Financial Statements:

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or function and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues, including all taxes, are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental*, *proprietary*, and *fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

GOVERNMENTAL FUNDS, (continued)

General Fund - The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

PROPRIETARY FUNDS, (continued)

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the Board is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Board's Enterprise Funds are comprised of the Food Service Fund, the Kindergarten Enrichment Program and the Time Plus Program.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net position and changes in net position.

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the Board in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Agency Funds - Agency funds are used to account for the assets that the Board holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

B. Measurement Focus:

District-wide Financial Statements

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net position, except for fiduciary funds.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

B. Measurement Focus: (continued)

Fund Financial Statements, (continued)

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

C. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. Basis of Accounting: (continued)

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. Budgets/Budgetary Control:

Annual appropriated budgets are adopted in the spring of the preceding year for the general, special revenue funds and debt service funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(G)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. During 2013/2014, the Board did not increase the original budget.

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

E. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the Board has received advances, are reflected in the balance sheet as unearned revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Cash, Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the Board has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

G. Tuition Revenues/Receivable:

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

H. Inventories:

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used. As of June 30, 2014, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food and Supplies	<u>\$5,138</u>
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I. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Short-Term Interfund Receivables/Payables:

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. Capital Assets:

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net position and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 2014 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their

Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

K. Capital Assets: (continued)

estimated fair market value on the date received. The Board currently maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

L. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as accumulated vacation and sick leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Board and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

M. Advanced Revenue:

Advanced revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Advanced revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

N. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

N. Accrued Liabilities and Long-term Obligations: (continued)

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

O. Fund Balances:

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

P. Net Position:

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Q. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

R. Extraordinary and Special Items:

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

S. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

T. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures.

Estimates are used to determine depreciation expense, among other accounts. Actual results may differ from those estimates.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

U. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

V. Recent Accounting Pronouncements:

During fiscal year 2014, the District adopted the following GASB Statement:

In October 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62". This statement, which is effective for fiscal periods beginning after December 15, 2012, amends and supersedes previously issued GASB statements to incorporate guidance that had been included in AICPA and FASB guidance. The statement will have a minimum, but undetermined impact on the proprietary fund financial statements of the District.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, is not anticipated to have any impact on the District's financial reporting.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69, "Government Combinations and Disposals of Government Operations". This statement, which is effective for years beginning after December 15, 2013, is not expected to have any impact on the District's financial reporting.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date". This Statement requires a state or local government employer to recognize a net pension liability measured as of a date no earlier than the end of its prior fiscal year. This Statement is effective for financial statements with fiscal years beginning after June 15, 2014. The Authority is currently reviewing what effect, if any, this Statement might have on future financial statements.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS:

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2014, \$-0- of the District's bank balance of \$13,779,927 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

New Jersey Cash Management Fund - All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2014, the District had \$2,912,395 on deposit with the New Jersey Cash Management Fund.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 4. RECEIVABLES:

Receivables at June 30, 2014, consisted of accounts receivable and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Enterprise Fund	District Wide Financial Statements
State Aid	\$3,448,457	\$950	\$3,449,407
Federal Aid	403,234	27,691	435,781
Tuition	4,597		4,597
Other	<u>4,946</u>		
Gross receivables	3,861,234	28,641	3,889,785
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u>\$3,861,234</u>	<u>\$28,641</u>	<u>\$3,889,785</u>

NOTE 5. CAPITAL ASSETS:

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Balance 6/30/13	Additions	Deductions	Balance 6/30/14
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$239,620	\$	\$	\$239,620
Construction in Progress	<u>1,042,647</u>	<u>1,036,488</u>	<u>834,155</u>	<u>1,244,980</u>
Total Capital Assets, Not Being Depreciated	<u>1,282,267</u>	<u>1,036,488</u>	<u>834,155</u>	<u>1,484,600</u>
Capital Assets Being Depreciated				
Sites and Improvements	2,123,361			2,123,361
Buildings and Improvements	36,745,747	834,155		37,579,902
Furniture, Equipment and Vehicles	<u>2,111,378</u>	<u>67,713</u>		<u>2,179,091</u>
Total Capital Assets, Being Depreciated	<u>40,980,486</u>	<u>901,868</u>		<u>41,882,354</u>
Less Accumulated Depreciation:				
Sites and Improvements	(1,445,710)	(69,858)		(1,515,568)
Buildings and Improvements	(12,717,665)	(1,130,436)		(13,848,101)
Furniture, Equipment and Vehicles	<u>(1,659,077)</u>	<u>(118,653)</u>		<u>(1,777,730)</u>
Total Accumulated Depreciation	<u>(15,822,452)</u>	<u>(1,318,947)</u>		<u>(17,141,399)</u>
Total Capital Assets, Being Depreciated, Net	<u>25,158,034</u>	<u>(417,079)</u>		<u>24,740,955</u>
Governmental Activities Capital Assets, Net	<u>\$26,440,301</u>	<u>\$619,409</u>	<u>\$834,155</u>	<u>\$26,225,555</u>

Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014

NOTE 5. CAPITAL ASSETS: (continued)

	Balance 6/30/13	Additions	Deductions	Balance 6/30/14
Business-Type Activity				
Machinery and Equipment	\$31,316	\$	\$	\$31,316
Totals	<u>31,316</u>	<u>0</u>	<u></u>	<u>31,316</u>
Less Accumulated Depreciation				
Machinery and Equipment	(22,965)	(1,044)		(24,009)
Total Accumulated Depreciation	<u>(22,965)</u>	<u>(1,044)</u>	<u></u>	<u>(24,009)</u>
Business-Type Activity Capital Assets, Net	<u>\$8,351</u>	<u>(\$1,044)</u>	<u>\$</u>	<u>\$7,307</u>

Depreciation expense was charged to the functions as follows:

Instruction - Regular	\$24,866
Support Services - Administration	30,114
Plant Operations and Maintenance	12,732
Unallocated Depreciation	<u>1,251,235</u>
Total Depreciation Expense	<u>\$1,318,947</u>

NOTE 6. LONG-TERM DEBT OBLIGATIONS:

For the fiscal year ended June 30, 2014 the following liabilities are reported in the general long-term debt account group:

	Balance June 30, 2013	Issued	Retired	Balance June 30, 2014	Amounts Due Within One Year
Compensated absences payable	\$532,538	\$139,278	\$163,562	\$508,254	\$
Bonds payable	11,118,000		1,415,000	9,703,000	1,675,000
Capital leases payable	<u>136,439</u>	<u></u>	<u>27,288</u>	<u>109,151</u>	<u>27,288</u>
	<u>\$11,786,977</u>	<u>\$139,278</u>	<u>\$1,605,850</u>	<u>\$10,320,405</u>	<u>\$1,702,288</u>

Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014

NOTE 6. LONG-TERM DEBT OBLIGATIONS: (continued)

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

Principal and interest due on serial bonds outstanding is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$1,675,000	\$387,703	\$2,062,703
2016	1,710,000	309,402	2,019,402
2017	1,305,000	240,428	1,545,428
2018	460,000	203,227	663,227
2019	475,000	184,328	659,328
2020	490,000	164,777	654,777
2021	495,000	144,128	639,128
2022	505,000	123,315	628,315
2023	245,000	106,302	351,302
2024	255,000	96,503	351,503
2025	265,000	86,302	351,302
2026	275,000	75,703	350,703
2027	285,000	64,702	349,702
2028	300,000	53,303	353,303
2029	310,000	40,927	350,927
2030	325,000	27,753	352,753
2031	328,000	13,940	341,940
Total	<u>\$9,703,000</u>	<u>\$2,322,743</u>	<u>\$12,025,743</u>

Advanced Refunding of Debt

On July 7, 2011 the District issued \$2,150,000 in School District Refunding Bonds having an interest rate of 3.00% to 5.00%. These Bonds were issued in order to advance refund certain principal maturities of school district bonds. The total bond principal defeased was \$2,908,000. The net proceeds of \$2,301,878 together with an initial cash deposit from the District's Capital Project Fund in the amount of \$743,834 (after payment of underwriting fees, insurance and other insurance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability has been removed from the governmental activities column of the statement of net position.

Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014

NOTE 6. LONG-TERM DEBT OBLIGATIONS: (continued)

B. Capital Leases Payable:

The District is leasing transportation equipment and copying machines under capital leases. All capital leases are for terms of three to five years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2014.

<u>Year</u>	
2015	\$27,288
2016	27,288
2017	27,288
2018	<u>27,287</u>
	<u>\$109,151</u>

NOTE 7. PENSION PLANS:

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

Public Employees' Retirement System (PERS) — Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Teachers' Pension and Annuity Fund (TPAF) — Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) — established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 7. PENSION PLANS: (continued)

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 7. PENSION PLANS: (continued)

Significant Legislation

PL, 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Funding Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 78.5 percent and \$10.7 billion.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 7. PENSION PLANS: (continued)

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2010 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014

NOTE 7. PENSION PLANS: (continued)

During the years ended June 30, 2014, 2013 and 2012 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>PERS</u>	<u>On-behalf</u> <u>TPAF</u>	<u>DCRP</u>
2014	\$226,379	\$458,684	\$8,709
2013	207,632	676,919	3,780
2012	218,303	329,974	

The State contributed \$458,684 during 2013/2014 for normal cost pension, accrued liability and the NCGI premium. For fiscal years 2013/2014 and 2012/2013, the State contributed \$37,203 and \$33,835, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$784,790 during the year ended June 30, 2014 for the employer's share of social security contributions for TPAF member as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

NOTE 8. POST-RETIREMENT MEDICAL BENEFITS:

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund — State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund —Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 547 state and local participating employers and contributing entities for Fiscal Year 2011.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 8. POST-RETIREMENT MEDICAL BENEFITS: (continued)

Health Benefits Program Fund (HBPF) — Local Education (including Prescription Drug Program Fund) — The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 8. POST-RETIREMENT MEDICAL BENEFITS: (continued)

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$21.1 billion for state active and retired members and \$38.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2010, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2013, there were 100,134 retirees receiving post-retirement medical benefits, and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in fiscal year 2013.

Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014

NOTE 8. POST-RETIREMENT MEDICAL BENEFITS: (continued)

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TFAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2014, 2013 and 2012 were \$752,069, \$765,425 and \$663,335, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 9. DEFERRED COMPENSATION:

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Equitable
Valic
Lincoln Investments

State of New Jersey Tax Shelter Annuity
MetLife

NOTE 10. RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Workers' Compensation Insurance - The District is currently a member of the New Jersey School Boards Association Insurance Group (the "Group"). The Group provides the District with Workers' Compensation. The Group is a risk-sharing public entity risk pool that is both an insured and self administered group of school boards established for the purpose of providing low-cost insurance coverage for their respective members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 10. RISK MANAGEMENT: (continued)

As a member of the Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities.

The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

NOTE 11. CAPITAL RESERVE ACCOUNT:

A capital reserve account was established by the Borough of Tinton Falls Board of Education for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6A:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2013 to June 30, 2014 fiscal year is as follows:

Beginning balance, July 1, 2013	\$1,164,400
Interest Earnings	445
Deposits:	
Transfer by Board Resolution, June 16, 2014	933,000
Withdrawals	<u>(55,775)</u>
Ending Balance, June 30, 2014	<u>\$2,042,070</u>

NOTE 12. EMERGENCY RESERVE ACCOUNT:

The emergency reserve is used to accumulate funds in accordance with *N.J.S.A. 18A:7F-41c(1)* to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 12. EMERGENCY RESERVE ACCOUNT: (continued)

The activity of the emergency reserve for the July 1, 2013 to June 30, 2014 fiscal year is as follows:

Beginning balance, July 1, 2013	<u>\$250,000</u>
Ending balance, June 30, 2014	<u>\$250,000</u>

NOTE 13. MAINTENANCE RESERVE ACCOUNT:

A maintenance reserve account was established by the Board of Education by inclusion of \$66,599 in the 2002-2003 budget. The account is maintained in the general fund. The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCRA (N.J.A.A. 18A:7G-9). EFCFA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund.

The activity of the maintenance reserve for the July 1, 2013 to June 30, 2014 fiscal year is as follows:

Beginning balance, July 1, 2013	\$1,833,362
Increased by:	
Transfer by Board Resolution, June 16, 2014	50,000
Decreased by:	
Withdrawals	<u>(399,080)</u>
Ending Balance, June 30, 2014	<u>\$1,484,282</u>

NOTE 14. FUND BALANCE APPROPRIATED:

General Fund [Exhibit B-1] - Of the \$11,496,588 General Fund fund balance at June 30, 2014, \$2,463,584 is reserved for encumbrances; \$4,130,671 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$2,120,264 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2015); \$2,042,070 has been reserved in the Capital Reserve Account; \$1,484,282 has been reserved in the maintenance reserve account; \$250,000 has been reserved in the Emergency Reserve Account; \$522,321 has been appropriated and included as anticipated revenue for the year ending June 30, 2015, and \$603,660 is unreserved and undesignated.

Debt Service Fund - Of the \$9,404 Debt Service Fund fund balance at June 30, 2014, \$5,207 has been appropriated and included as anticipated revenue for the year ending June 30, 2014 and \$4,197 is restricted for debt service.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 15. CALCULATION OF EXCESS SURPLUS:

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance — Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2014 is \$4,130,671. Of this amount, \$2,010,407 is the result of current year's operations.

NOTE 16. INTERFUND RECEIVABLES AND PAYABLES:

The composition of interfund balances as of June 30, 2014 is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Enterprise - Food Service Fund	General Fund	<u>\$30,637</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

NOTE 17. CONTINGENT LIABILITIES:

The Board and the Board's attorney advises us that there are no pending or threatened litigation, unasserted claims or assessments.

NOTE 18. SUBSEQUENT EVENTS:

The Board has evaluated subsequent events through October 7, 2014, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

Tinton Falls School District Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2014									
	Original Budget	Transfers/ Adjustments	Final Budget	13-14 Actual	Variance Final to Actual				
REVENUES:									
Local Sources:									
Local Tax Levy	19,721,365		19,721,365	19,721,365					
Tuition	10,000		10,000	72,534	62,534				
Miscellaneous	51,000		51,000	62,121	11,121				
Total - Local Sources	19,782,365		19,782,365	19,856,020	73,655				
State Sources:									
Categorical Transportation Aid	854,382		854,382	854,382					
Categorical Special Education Aid	901,932		901,932	901,932					
Categorical Security Aid	149,585		149,585	149,585					
Adjustment Aid	1,596,766		1,596,766	1,596,766					
Extraordinary Aid				451,121	451,121				
Additional Adjustment Aid	26,568		26,568	26,568					
Other State Aid-Reimbursed Nonpublic Transportation				12,339	12,339				
On-behalf TPAF NCGI Premium (non-budgeted)				37,203	37,203				
On-behalf TPAF Post-Retirement Medical (non-budgeted)				752,069	752,069				
On-behalf TPAF Premium				421,481	421,481				
TPAF Social Security (Reimbursed - Non-Budgeted)				784,790	784,790				
Total - State Sources	3,529,233		3,529,233	5,988,236	2,459,003				
Federal sources:									
P.L. 81-874 (Impact Aid)				33,012	33,012				
Total - Federal Sources				33,012	33,012				
TOTAL REVENUES	23,311,598		23,311,598	25,877,268	2,565,670				

Tinton Falls School District									
Budgetary Comparison Schedule									
General Fund									
For the Year Ended June 30, 2014									
	Original Budget	Transfers/ Adjustments	Final Budget	Budget	13-14 Actual	Variance Final to Actual			
EXPENDITURES:									
Current Expense:									
Regular Programs - Instruction									
Preschool/Kindergarten - Salaries of Teachers	175,829	82,053	257,882		249,098	8,784			
Grades 1-5 - Salaries of Teachers	3,688,182	303,678	3,991,860		3,357,739	634,121			
Grades 6-8 - Salaries of Teachers	2,560,339	190,692	2,751,031		2,435,196	315,835			
Regular Programs - Home Instruction:									
Salaries of Teachers	5,000	22,000	27,000		19,571	7,429			
Purchased Professional-Educational Services	1,000		1,000		587	413			
Other Purchased Services (400-500 series)	800		800		9	791			
Regular Programs - Undistributed Instruction									
Purchased Technical Services	15,380		15,380		1,753	13,627			
Other Purchased Services	286,853	(32,262)	254,591		142,780	111,811			
General Supplies	535,882	(46,482)	489,400		255,094	234,306			
Textbooks	256,010		256,010		111,796	144,214			
Other Objects	10,540	192	10,732		7,541	3,191			
TOTAL REGULAR PROGRAMS - INSTRUCTION	7,535,815	519,871	8,055,686		6,581,164	1,474,522			
SPECIAL EDUCATION - INSTRUCTION									
Learning and/or Language Disabilities:									
Salaries of Teachers	61,296	11,438	72,734		61,025	11,709			
Other Salaries for Instruction	30,689	12	30,701		90	30,611			
General Supplies	650	(500)	150		131	19			
Total Learning and/or Language Disabilities	92,635	10,950	103,585		61,246	42,339			

Tinton Falls School District									
Budgetary Comparison Schedule									
General Fund									
For the Year Ended June 30, 2014									
	Original Budget	Transfers/ Adjustments	Final Budget	13-14 Actual	Variance Final to Actual				
Auditory Impairments									
General Supplies	600		600	447	153				
Total Auditory Impairments	600		600	447	153				
Multiple Disabilities:									
Salaries of Teachers	318,363	83,048	401,411	299,502	101,909				
Other Salaries for Instruction	30,998	7,443	38,441	29,836	8,605				
General Supplies	4,011	848	4,859	2,976	1,883				
Total Multiple Disabilities	353,372	91,339	444,711	332,314	112,397				
Resource Room/Resource Center:									
Salaries of Teachers	1,432,454	113,151	1,545,605	1,388,615	156,990				
Other Salaries for Instruction	58,317	300	58,617	1,618	56,999				
General Supplies	6,031	5,646	11,677	4,252	7,425				
Total Resource Room/Resource Center	1,496,802	119,097	1,615,899	1,394,485	221,414				
Autism:									
Salaries of Teachers	115,618	13,757	129,375	101,913	27,462				
Other Salaries for Instruction	31,598	5,780	37,378	30,509	6,869				
General Supplies	1,400	878	2,278	2,274	4				
Total Autism	148,616	20,415	169,031	134,696	34,335				

Tinton Falls School District Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2014					
	Original Budget	Transfers/ Adjustments	Final Budget	Budget 13-14 Actual	Variance Final to Actual
SPECIAL EDUCATION - INSTRUCTION (Continued)					
Preschool Disabilities - Part-Time:					
Salaries of Teachers	287,028	(32,571)	254,457	161,756	92,701
Other Salaries for Instruction	31,198	9,720	40,918	33,545	7,373
General Supplies	900	2,790	3,690	3,430	260
Total Preschool Disabilities - Part-Time	319,126	(20,061)	299,065	198,731	100,334
Preschool Disabilities - Full-Time:					
Salaries of Teachers	82,478	14,934	97,412	81,593	15,819
Other Salaries for Instruction		20,000	20,000	1,981	18,019
General Supplies	900	443	1,343	817	526
Total Preschool Disabilities - Full-Time	83,378	35,377	118,755	84,391	34,364
Special Education - Home Instruction					
Salaries of Teachers	18,000	20,621	38,621	37,605	1,016
Purchased Professional-Educational Services	36,000	(34,011)	1,989	1,748	241
Other Purchased Services (400-500) Series	150		150		150
Total Home Instruction	54,150	(13,390)	40,760	39,353	1,407
TOTAL SPECIAL EDUCATION - INSTRUCTION	2,548,679	243,727	2,792,406	2,245,663	546,743
Basic Skills/Remedial - Instruction					
Salaries of Teachers	368,410	61,860	430,270	336,927	93,343
General Supplies	10,586	(5,240)	5,346	1,877	3,469
Total Basic Skills/Remedial - Instruction	378,996	56,620	435,616	338,804	96,812
Bilingual Education - Instruction					
Salaries of Teachers	85,552	83	85,635	83,116	2,519
General Supplies	1,750	5,240	6,990	6,962	28
Total Bilingual Education - Instruction	87,302	5,323	92,625	90,078	2,547
School-Sponsored Cocurricular Activities - Instruction					
Salaries	71,616	12,902	84,518	84,049	469
Supplies and Materials	4,670	390	5,060	4,675	385
Total School-Sponsored Cocurricular Activities - Instruction	76,286	13,292	89,578	88,724	854
School-Sponsored Athletics - Instruction					
Salaries	39,998	3,173	43,171	23,369	19,802
Purchased Services (300-500 series)	11,545		11,545	8,369	3,176
Supplies and Materials	3,450	645	4,095	2,618	1,477
Other Objects	1,300		1,300		1,300
Total Other Instructional Programs - Instruction	56,293	3,818	60,111	34,356	25,755
TOTAL INSTRUCTION	10,683,371	842,651	11,526,022	9,378,789	2,147,233

Tinton Falls School District Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2014					
	Original Budget	Transfers/ Adjustments	Final Budget	13-14 Actual	Variance Final to Actual

Tinton Falls School District Budgetary Comparison Schedule General Fund									
For the Year Ended June 30, 2014									
	Original Budget	Transfers/ Adjustments	Final Budget	Budget 13-14 Actual	Variance Final to Actual				
Undist. Expend. - Improvement of Instructional Services									
Salaries of Supervisor of Instruction	211,964		211,964	203,291	8,673				
Salaries of Other Professional Staff	5,000	5,000	10,000		10,000				
Salaries of Secretarial and Clerical Assistants	51,981	493	52,474	51,093	1,381				
Other Salaries	137,077	33,334	170,411	114,010	56,401				
Salaries of Facilitators, Math and Literacy Coaches	63,631		63,631	22,940	40,691				
Purchased Prof. Educational Services	71,400	(20,000)	51,400	6,649	44,751				
Other Purch Services (400-500)	17,500	(5,307)	12,193	8,306	3,887				
Supplies and Materials	170,790	1,533	172,323	113,796	58,527				
Other Objects	510		510	317	193				
Total Undist. Expend. - Improvement of Inst. Services	729,853	15,053	744,906	520,402	224,504				
Undist. Expend. - Educational Media Serv./Sch. Library									
Salaries	195,643	14,789	210,432	179,019	31,413				
Purchased Professional and Technical Services	10,250	(500)	9,750	3,882	5,868				
Other Purchased Services (400-500 series)	1,050	53	1,103	42	1,061				
Supplies and Materials	15,464	(392)	15,072	11,427	3,645				
Total Undist. Expend. - Educational Media Serv./Sch. Library	222,407	13,950	236,357	194,370	41,987				
Undist. Expend. - Instructional Staff Training Serv.									
Salaries of Other Professional Staff	64,332	6,670	71,002	60,274	10,728				
Purchased Professional - Educational Services	23,800	(3,635)	20,165	1,125	19,040				
Other Purchased Services (400-500 series)	4,300	(5)	4,295	1,650	2,645				
Other Objects	11,000	(430)	10,570	8,654	1,916				
Total Undist. Expend. - Instructional Staff Training Serv.	103,432	2,600	106,032	71,703	34,329				

Tinton Falls School District Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2014					
	Original Budget	Transfers/ Adjustments	Final Budget	13-14 Actual	Variance Final to Actual
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	243,266	25,525	268,791	237,844	30,947
Legal Services	69,000	17,453	86,453	45,420	41,033
Audit Fees	31,500		31,500	28,965	2,535
Architectural/Engineering Services	21,000	33,645	54,645	26,769	27,876
Other Purchased Professional Services	21,543	14,590	36,133	11,528	24,605
Purchased Technical Services	44,241	8,750	52,991	25,300	27,691
Other Purch. Prof. and Tech. Services		3,600	3,600	3,545	55
Communications/Telephone	154,097	585	154,682	77,867	76,815
BOE Other Purchased Services	4,500		4,500	2,203	2,297
Miscellaneous Purchased Services (400-500) [Other than 530 & 585]	63,295	1,355	64,650	55,344	9,306
General Supplies	18,000		18,000	3,377	14,623
BOE Training/Meeting Supplies	1,500		1,500	304	1,196
Judgments Against the School District	20,000	11,059	31,059	1,715	29,344
Miscellaneous Expenditures	12,475	57,611	70,086	11,807	58,279
BOE Membership Dues/Fees	14,000		14,000	13,034	966
Total Undist. Expend. - Supp. Serv. - General Administration	718,417	174,173	892,590	545,022	347,568
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	336,474	4,135	340,609	330,729	9,880
Salaries of Other Professional Staff	143,384	(2,000)	141,384	136,679	4,705
Salaries of Secretarial and Clerical Assistants	422,545	2,306	424,851	412,202	12,649
Other Salaries	8,428	122	8,550	8,100	450
Purchased Professional and Technical Services	9,700	(4,242)	5,458	204	5,254
Other Purchased Services (400-500 series)	9,950	159	10,109	1,177	8,932
Supplies and Materials	19,100	10,572	29,672	19,851	9,821
Other Objects	10,955	75,779	86,734	6,442	80,292
Total Undist. Expend. - Support Serv. - School Administration	960,536	86,831	1,047,367	915,384	131,983
Undistributed Expenditures Central Services					
Salaries	139,336	2,751	142,087	137,535	4,552
Salaries of Secretarial and Clerical Assistants	170,695	8,675	179,370	156,063	23,307
Purchased Professional Services		37,333	37,333	150	37,183
Purchased Technical Service	9,600	(3,655)	5,945	175	5,770
Misc. Purchased Serv. (400-500) O/T 594	21,200	(2,780)	18,420	4,741	13,679
Supplies and Materials	8,700	2,782	11,482	9,047	2,435
Other Objects	400		400	400	
Miscellaneous Expenditures	3,750		3,750	3,228	522
Total Undistributed Expenditures Central Services	353,681	45,106	398,787	310,939	87,848

Tinton Falls School District					
Budgetary Comparison Schedule					
General Fund					
For the Year Ended June 30, 2014					
	Original Budget	Transfers/ Adjustments	Final Budget	Budget 13-14 Actual	Variance Final to Actual
Undistributed Expenditures Admin Info Tech					
Salaries	66,929	600	67,529	65,787	1,742
Purchased Professional Services		5,307	5,307		5,307
Other Purchased Services (400-500 series)		458	458	458	
Supplies and Materials	20,000	(4,656)	15,344	11,007	4,337
Total Undistributed Expenditures Admin Info Tech	86,929	1,709	88,638	77,252	11,386
Undist. Expend. - Required Maint. for School Facilities					
Cleaning, Repair and Maintenance Services	701,810	(10,546)	691,264	301,710	389,554
General Supplies	43,500	21,213	64,713	59,964	4,749
Other Objects	1,000		1,000		1,000
Total Undist. Expend. - Required Maint. for School Facilities	746,310	10,667	756,977	361,674	395,303
Undist. Expend. - Custodial Services					
Salaries	22,601		22,601	9,041	13,560
Salaries of Non-Instructional Aides	68,506		68,506	42,562	25,944
Purchased Professional and Technical Services	7,100	2,500	9,600	2,759	6,841
Cleaning, Repair and Maintenance Services	714,046	(47,500)	666,546	663,337	3,209
Other Purchased Property Services	56,309	1,391	57,700	41,252	16,448
Insurance	67,450	2,591	70,041	65,041	5,000
General Supplies	48,300	6,333	54,633	31,933	22,700
Energy (Natural Gas)	273,645	(9,115)	264,530	162,984	101,546
Energy (Electricity)	372,400	(14,591)	357,809	208,925	148,884
Other Objects	1,000		1,000	662	338
Total Undist. Expend. - Custodial Services	1,631,357	(58,391)	1,572,966	1,228,496	344,470
Undist. Expend. - Care & Upkeep of Grounds					
Purchased Professional and Technical Services	110,688	2,310	112,998	104,188	8,810
Cleaning, Repair and Maintenance Services	4,000		4,000	125	3,875
General Supplies	17,000	15	17,015	10,308	6,707
Total Undist. Expend. - Care & Upkeep of Grounds	131,688	2,325	134,013	114,621	19,392
Undist. Expend. - Security					
Repair and Maintenance	6,000	(6,000)			
Purchased Professional and Technical Services		34,711	34,711	34,711	
General Supplies	20,000	(1,307)	18,693	18,565	128
Total Undist. Expend. - Security	26,000	27,404	53,404	53,276	128
Total Undist. Expend-Oper & Maint of Plant Services	2,535,355	(17,995)	2,517,360	1,758,067	759,293

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Tinton Falls School District
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		29,453	29,453	29,453	
State Sources	131,350	(43,438)	87,912	87,912	
Federal Sources	414,830	194,626	609,456	609,456	
Total Revenues	546,180	180,641	726,821	726,821	
EXPENDITURES:					
Instruction:					
Salaries of Teachers	94,080	82,270	176,350	176,350	
Salaries of Other Professional Staff					
Other Salaries for Instruction		895	895	895	
Purchased Professional - Educational Services	20,000	112,288	132,288	132,288	
Purchased Professional and Technical Services					
Other Purchased Services (400-500 series)	300,750	(146,150)	154,600	154,600	
General Supplies		37,071	37,071	37,071	
Textbooks		557	557	557	
Other Objects		3,288	3,288	3,288	
Total Instruction	414,830	90,219	505,049	505,049	
Support Services:					
Salaries		18,075	18,075	18,075	
Personal Services - Employee Benefits		31,439	31,439	31,439	
Purchased Professional & Technical Services	80,150	(69,662)	10,488	10,488	
Purchased Professional - Educational Services	51,200	107,363	158,563	158,563	
Purchased Technical Services					
Other Purchased Services (400-500 series)					
Supplies & Materials		3,207	3,207	3,207	
Other Objects					
Total Support Services	131,350	90,422	221,772	221,772	
Facilities Acquisition and Const. Serv.:					
Instructional Equipment					
Total Facilities Acquisition and Const. Serv.					
Total Expenditures	546,180	180,641	726,821	726,821	
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)					

Tinton Falls School District
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
For the Year Ended June 30, 2014

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1]&[C-2]	25,877,268	726,821
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		NONE	NONE
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		327,453	
State aid payment recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).		(351,146)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>25,853,575</u>	<u>726,821</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	24,912,253	726,821
Differences - budget to GAAP		NONE	NONE
The district budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis. <i>[Not applicable in this example]</i>			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfers (outflows) to general fund			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>24,912,253</u>	<u>726,821</u>

SPECIAL REVENUE FUND

Tinton Falls School District
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2014

	Total Brought Forward (Ex. E-1a)	Title I, Part A 2013-14	Title I, Part A Carryover	Title II, Part A 2013-14	Title II, Part A Carryover	Title III 2013-14	Totals 2014
REVENUES							
Local Sources	29,453						29,453
State Sources	87,912						87,912
Federal Sources	470,910	108,543	18,107	1,478	7,558	2,860	609,456
Total Revenues	588,275	108,543	18,107	1,478	7,558	2,860	726,821
EXPENDITURES:							
Instruction:							
Salaries of Teachers	84,964	88,526				2,860	176,350
Salaries of Other Professional Staff							
Other Salaries for Instruction	895						895
Purchased Professional - Educational Services	132,288						132,288
Purchased Professional and Technical Services							
Other Purchased Services (400-500 series)	148,590	6,010					154,600
General Supplies	37,071						37,071
Textbooks	557						557
Other Objects	3,288						3,288
Total Instruction	407,653	94,536				2,860	505,049
Support Services:							
Salaries	18,075	14,007	17,432				18,075
Personal Services - Employee Benefits							31,439
Purchased Professional & Technical Services	10,488						10,488
Purchased Professional - Educational Services	148,852	675	1,478	7,558			158,563
Purchased Technical Services							
Other Purchased Services (400-500 series)							
Supplies & Materials	3,207						3,207
Other Objects							
Total Support Services	180,622	14,007	18,107	1,478	7,558		221,772
Facilities Acquisition and Const. Serv.:							
Instructional Equipment							
Total Facilities Acquisition and Const. Serv.							
Total Expenditures	588,275	108,543	18,107	1,478	7,558	2,860	726,821
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)							

Tinton Falls School District
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2014

	Total Brought Forward (Ex. E-1b)	IDEA Part B, Basic 2013-14	IDEA Part B, Basic Carryover	IDEA Preschool 2013-14	Total Carried Forward
REVENUES					
Local Sources	29,453				29,453
State Sources	87,912				87,912
Federal Sources	-	273,678	185,970	11,262	470,910
Total Revenues	117,365	273,678	185,970	11,262	588,275
EXPENDITURES:					
Instruction:					
Salaries of Teachers	-		79,210	5,754	84,964
Salaries of Other Professional Staff	-				-
Other Salaries for Instruction	-	895			895
Purchased Professional - Educational Services	-	128,648	3,640		132,288
Purchased Professional and Technical Services	-				-
Other Purchased Services (400-500 series)	-	99,979	48,611		148,590
General Supplies	26,165	5,398		5,508	37,071
Textbooks	557				557
Other Objects	3,288				3,288
Total Instruction	30,010	234,920	131,461	11,262	407,653
Support services:					
Salaries	-		18,075		18,075
Personal Services - Employee Benefits	-				-
Purchased Professional & Technical Services	10,488				10,488
Purchased Professional - Educational Services	76,867	35,551	36,434		148,852
Purchased Technical Services	-				-
Other Purchased Services (400-500 series)	-				-
Supplies & Materials	-	3,207			3,207
Other Objects	-				-
Total Support Services	87,355	38,758	54,509	-	180,622
Facilities Acquisition and Const. Serv.:					
Instructional Equipment	-				-
Total Facilities Acquisition and Const. Serv.	-	-	-	-	-
Total Expenditures	117,365	273,678	185,970	11,262	588,275
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

Tinton Falls School District
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2014

	Ch. 193 - Handicapped Services						
	Nonpublic Technology Aid	Nonpublic Textbook Aid	Nonpublic Nursing Aid	Nonpublic Annual Exam & Classification	Nonpublic Corrective Speech	Nonpublic Supplemental Instruction	Total Carried Forward
REVENUES							
Local Sources	10,488	557	38,910	23,087	7,030	7,840	29,453
State Sources							87,912
Federal Sources							-
Total Revenues	10,488	557	38,910	23,087	7,030	7,840	117,365
EXPENDITURES:							
Instruction:							
Salaries of Teachers							-
Salaries of Other Professional Staff							-
Other Salaries for Instruction							-
Purchased Professional - Educational Services							-
Purchased Professional and Technical Services							-
Other Purchased Services (400-500 series)							-
General Supplies		557					26,165
Textbooks							557
Other Objects							3,288
Total Instruction	-	557	-	-	-	-	30,010
Support Services:							
Salaries							-
Personal Services - Employee Benefits							-
Purchased Professional & Technical Services	10,488		38,910	23,087	7,030	7,840	10,488
Purchased Professional - Educational Services							76,867
Purchased Technical Services							-
Other Purchased Services (400-500 series)							-
Supplies & Materials							-
Other Objects							-
Total Support Services	10,488	-	38,910	23,087	7,030	7,840	87,355
Facilities Acquisition and Const. Serv.:							
Instructional Equipment							-
Total Facilities Acquisition and Const. Serv.	-	-	-	-	-	-	-
Total Expenditures	10,488	557	38,910	23,087	7,030	7,840	117,365
Excess (Deficiency) of Revenues Over (Under)	-	-	-	-	-	-	-
Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-

CAPITAL PROJECTS FUND

Tinton Falls School District
 Capital Projects Fund
 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
 For the Year Ended June 30, 2014

Revenues and Other Financing**Sources**

State Sources - SCC Grant	\$ 283,782
Bond proceeds and transfers	
Interest on Investments	4,197
Transfer from capital reserve	55,775
Transfer from capital outlay	-
Total revenues	<u>343,754</u>

Expenditures and Other Financing**Uses**

Purchased professional and technical services	53,645
Land and Improvements	-
Construction Services	655,810
Equipment Purchases	-
Total expenditures	<u>709,454</u>

Excess (deficiency) of revenues over (under) expenditures (365,700)

Transfers out (4,197)

Fund balance - beginning 2,582,143

Fund balance - ending \$ 2,212,246

Tinton Falls School District
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Middle School Roof Replacement
 For the Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 137,367	\$ -	\$ 137,367	\$ 137,367
Bond proceeds and transfers	-	-	-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	-	-	-	-
Transfer from capital outlay	266,000	-	266,000	266,000
Total revenues	<u>403,367</u>	<u>-</u>	<u>403,367</u>	<u>403,367</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	-	-	-	-
Land and Improvements	-	-	-	-
Construction Services	393,158	-	393,158	403,367
Equipment purchases	-	-	-	-
Total expenditures	<u>393,158</u>	<u>-</u>	<u>393,158</u>	<u>403,367</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>10,209</u>	\$ <u>-</u>	\$ <u>10,209</u>	\$ <u>-</u>

Additional project information:

Project Number	5185-070-04-2000
Grant Date	7/19/2004
Bond Authorization Date	NA
Bonds Authorized	NA
Bonds Issued	NA
Original Authorized Cost	\$343,418
Revised Authorized Cost	\$403,367

Percentage Increase over Original Authorized Cost	17.46%
Percentage completion	97%
Original target completion date	8/15/2005
Revised target completion date	8/15/2005

Tinton Falls School District
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Mahala F. Atchinson Roof Project
 For the Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 299,943	\$ -	\$ 299,943	\$ 299,943
Bond proceeds and transfers	-	-	-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	-	-	-	-
Transfer from capital outlay	450,000	-	450,000	450,000
Total revenues	<u>749,943</u>	<u>-</u>	<u>749,943</u>	<u>749,943</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	48,092	-	48,092	48,092
Land and Improvements	-	-	-	-
Construction Services	500,000	-	500,000	701,851
Equipment purchases	-	-	-	-
Total expenditures	<u>548,092</u>	<u>-</u>	<u>548,092</u>	<u>749,943</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 201,851</u>	<u>\$ -</u>	<u>\$ 201,851</u>	<u>\$ -</u>
Additional project information:				
Project Number	5185-030-05-1000			
Grant Date	2/2/2006			
Bond Authorization Date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	\$749,858			
Revised Authorized Cost	\$749,943			
Percentage Increase over Original Authorized Cost	0.01%			
Percentage completion	100%			
Original target completion date	6/30/2006			
Revised target completion date	9/15/2006			

Tinton Falls School District
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Mahala F. Atchinson School Fire Alarm
 For the Year Ended June 30, 2014

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 38,093	\$ -	\$ 38,093	\$ 38,093
Bond proceeds and transfers	-	-	-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	85,033	-	85,033	85,033
Transfer from capital outlay	-	-	-	-
Total revenues	<u>123,126</u>	<u>-</u>	<u>123,126</u>	<u>123,126</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	-	-	-	-
Land and Improvements	-	-	-	-
Construction Services	119,306	-	119,306	123,126
Equipment purchases	-	-	-	-
Total expenditures	<u>119,306</u>	<u>-</u>	<u>119,306</u>	<u>123,126</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>3,820</u>	\$ <u>-</u>	\$ <u>3,820</u>	\$ <u>-</u>

Additional project information:

Project Number	5185-030-04-1000
Grant Date	4/28/2005
Bond Authorization Date	NA
Bonds Authorized	NA
Bonds Issued	NA
Original Authorized Cost	\$95,233
Revised Authorized Cost	\$123,126

Percentage Increase over Original Authorized Cost	29.29%
Percentage completion	100%
Original target completion date	6/30/2006
Revised target completion date	12/31/2006

Tinton Falls School District
Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Tinton Falls Middle School Fire Alarm
 For the Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 41,922	\$ -	\$ 41,922	\$ 41,922
Bond proceeds and transfers	-	-	-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	-	-	-	-
Transfer from capital outlay	-	-	-	-
Total revenues	<u>41,922</u>	<u>-</u>	<u>41,922</u>	<u>41,922</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	-	-	-	-
Land and Improvements	-	-	-	-
Construction Services	-	-	-	41,922
Equipment purchases	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,922</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>41,922</u>	\$ <u>-</u>	\$ <u>41,922</u>	\$ <u>-</u>

Additional project information:

Project Number	5185-070-05-0BAV
Grant Date	
Bond Authorization Date	NA
Bonds Authorized	NA
Bonds Issued	NA
Original Authorized Cost	\$41,922
Revised Authorized Cost	\$41,922
Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	0.00%
Original target completion date	N/A
Revised target completion date	6/30/2013

Tinton Falls School District
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Swimming River School Roof Projects
 For the Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ -	\$ -	\$ -	\$ -
Bond proceeds and transfers	-	-	-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	338,038	-	338,038	338,038
Transfer from capital outlay	-	-	-	-
Total revenues	<u>338,038</u>	<u>-</u>	<u>338,038</u>	<u>338,038</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	-	-	-	-
Land and Improvements	-	-	-	-
Construction Services	138,787	-	138,787	338,038
Equipment purchases	-	-	-	-
Total expenditures	<u>138,787</u>	<u>-</u>	<u>138,787</u>	<u>338,038</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>199,251</u>	\$ <u>-</u>	\$ <u>199,251</u>	\$ <u>-</u>

Additional project information:

Project Number	NA
Grant Date	NA
Bond Authorization Date	NA
Bonds Authorized	NA
Bonds Issued	NA
Original Authorized Cost	\$338,038
Revised Authorized Cost	\$338,038

Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	41.06%
Original target completion date	N/A
Revised target completion date	6/30/2013

Tinton Falls School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Improvements to Mahala F. Atchison Elementary School
For the Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 1,052,939	\$ 21,085	\$ 1,074,023	\$ 1,074,023
Bond proceeds and transfers	1,627,000		1,627,000	1,627,000
Contribution from private source	-	-	-	-
Transfer from capital reserve	777,165	1,697	778,862	778,862
Transfer from capital outlay	-	-	-	-
Total revenues	<u>3,457,104</u>	<u>22,782</u>	<u>3,479,885</u>	<u>3,479,885</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	147,632	3,776	151,408	151,408
Land and Improvements	-	-	-	-
Construction Services	2,484,714	48,936	2,533,650	2,533,650
Equipment purchases	-	-	-	-
Total expenditures	<u>2,632,346</u>	<u>52,712</u>	<u>2,685,058</u>	<u>2,685,058</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 824,758</u>	<u>\$ (29,930)</u>	<u>\$ 794,827</u>	<u>\$ 794,827</u>

Additional project information:

Project Number	5185-030-10-1001
Grant Date	9/2/2010
Bond Authorization Date	2/1/2011
Bonds Authorized	\$1,627,635
Bonds Issued	\$1,627,000
Original Authorized Cost	\$4,008,000
Revised Authorized Cost	\$4,008,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	77.16%
Original target completion date	N/A
Revised target completion date	6/30/2013

Tinton Falls School District
Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Improvements to Swimming River Elementary School
 For the Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 1,022,035	\$ 115,023	\$ 1,137,058	\$ 1,137,058
Bond proceeds and transfers	1,336,480		1,336,480	1,336,480
Contribution from private source	-	-	-	-
Transfer from capital reserve	773,300	16,025	789,325	789,325
Transfer from capital outlay	-	-	-	-
Total revenues	<u>3,131,815</u>	<u>131,048</u>	<u>3,262,863</u>	<u>3,262,863</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	117,924	21,103	139,027	139,027
Land and Improvements	-	-	-	-
Construction Services	2,437,164	266,455	2,703,619	2,703,619
Equipment purchases	-	-	-	-
Total expenditures	<u>2,555,088</u>	<u>287,557</u>	<u>2,842,645</u>	<u>2,842,645</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>576,727</u>	\$ <u>(156,509)</u>	\$ <u>420,218</u>	\$ <u>420,218</u>
Additional project information:				
Project Number	5185-050-10-1002			
Grant Date	9/2/2010			
Bond Authorization Date	2/1/2011			
Bonds Authorized	\$1,336,780			
Bonds Issued	\$1,336,480			
Original Authorized Cost	\$3,516,800			
Revised Authorized Cost	\$3,516,800			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage completion	87.12%			
Original target completion date	N/A			
Revised target completion date	6/30/2013			

Tinton Falls School District
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Improvements to Swimming River Elementary School
 For the Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 220,732	\$	\$ 220,732	\$ 220,732
Bond proceeds and transfers	541,320		541,320	541,320
Contribution from private source	-	-	-	-
Transfer from capital reserve	-	-	-	-
Transfer from capital outlay	-	-	-	-
Total revenues	<u>762,052</u>	<u>-</u>	<u>762,052</u>	<u>762,052</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	50,654		50,654	50,654
Land and Improvements	-	-	-	-
Construction Services	501,178		501,178	501,178
Equipment purchases	-	-	-	-
Total expenditures	<u>551,832</u>	<u>-</u>	<u>551,832</u>	<u>551,832</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 210,220</u>	<u>\$ -</u>	<u>\$ 210,220</u>	<u>\$ 210,220</u>

Additional project information:

Project Number	5185-050-10-1005
Grant Date	9/2/2010
Bond Authorization Date	2/1/2011
Bonds Authorized	\$541,320
Bonds Issued	\$541,320
Original Authorized Cost	\$902,200
Revised Authorized Cost	\$902,200

Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	72.41%
Original target completion date	N/A
Revised target completion date	6/30/2013

Tinton Falls School District
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Improvements to Tinton Falls Middle School
 For the Year Ended June 30, 2014

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 424,724	\$ 147,674	\$ 572,398	\$ 572,398
Bond proceeds and transfers	1,061,200		1,061,200	1,061,200
Contribution from private source	-	-	-	-
Transfer from capital reserve	30,800		30,800	30,800
Transfer from capital outlay	-	-	-	-
Total revenues	<u>1,516,724</u>	<u>147,674</u>	<u>1,664,398</u>	<u>1,664,398</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	43,752	28,766	72,518	72,518
Land and Improvements	-	-	-	-
Construction Services	1,018,058	340,419	1,358,477	1,358,477
Equipment purchases	-	-	-	-
Total expenditures	<u>1,061,810</u>	<u>369,185</u>	<u>1,430,995</u>	<u>1,430,995</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>454,914</u>	\$ <u>(221,511)</u>	\$ <u>233,403</u>	\$ <u>233,403</u>

Additional project information:

Project Number	5185-070-10-1003
Grant Date	9/2/2010
Bond Authorization Date	2/1/2011
Bonds Authorized	\$1,061,200
Bonds Issued	\$1,061,200
Original Authorized Cost	\$1,820,000
Revised Authorized Cost	\$1,820,000

Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	85.98%
Original target completion date	N/A
Revised target completion date	6/30/2013

Tinton Falls School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Improvements to Administration Building
For the Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ -	\$ -	\$ -	\$ -
Bond proceeds and transfers	202,000	-	202,000	202,000
Contribution from private source	-	-	-	-
Transfer from capital reserve	137,500	-	137,500	137,500
Transfer from capital outlay	-	-	-	-
Total revenues	<u>339,500</u>	<u>-</u>	<u>339,500</u>	<u>339,500</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	13,987	-	13,987	13,987
Land and Improvements	-	-	-	-
Construction Services	267,041	-	267,041	267,041
Equipment purchases	-	-	-	-
Total expenditures	<u>281,028</u>	<u>-</u>	<u>281,028</u>	<u>281,028</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>58,472</u>	\$ <u>-</u>	\$ <u>58,472</u>	\$ <u>58,472</u>

Additional project information:

Project Number	5185-070-10-1003
Grant Date	9/2/2010
Bond Authorization Date	2/1/2011
Bonds Authorized	\$202,000
Bonds Issued	\$202,000
Original Authorized Cost	\$339,500
Revised Authorized Cost	\$339,500

Percentage Increase over Original

Authorized Cost	0.00%
Percentage completion	82.78%
Original target completion date	N/A
Revised target completion date	6/30/2013

PROPRIETARY FUNDS

Tinton Falls School District
Combining Statement of Net Position
Enterprise Funds
June 30, 2014

	Food Service Program	Time + Program	Kindergarten Enrichment Program	Totals
ASSETS				
Current Assets:				
Cash and Cash Equivalents	83,215	487,435	526,258	1,096,908
Accounts Receivable:				
State	950			950
Federal	27,691			27,691
Interfund-Accounts Receivable	30,637			30,637
Inventory	5,138			5,138
Total Current Assets	<u>147,631</u>	<u>487,435</u>	<u>526,258</u>	<u>1,161,324</u>
Noncurrent Assets:				
Capital Assets:				
Equipment	31,316			31,316
Less Accumulated Depreciation	<u>(24,009)</u>			<u>(24,009)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>7,307</u>	<u>-</u>	<u>-</u>	<u>7,307</u>
Total Assets	<u><u>154,938</u></u>	<u><u>487,435</u></u>	<u><u>526,258</u></u>	<u><u>1,168,631</u></u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	20,988	409	1,688	23,085
Deferred Revenue	7,240		37,565	44,805
Total Current Liabilities	<u>28,228</u>	<u>409</u>	<u>39,253</u>	<u>67,890</u>
Total Liabilities	<u>28,228</u>	<u>409</u>	<u>39,253</u>	<u>67,890</u>
NET POSITION				
Invested in Capital Assets Net of Related Debt	7,307			7,307
Unrestricted	119,403	487,026	487,005	1,093,434
Total Net Position	<u><u>126,710</u></u>	<u><u>487,026</u></u>	<u><u>487,005</u></u>	<u><u>1,100,741</u></u>

Tinton Falls School District
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the Year Ended June 30, 2014

	Food Service Program	Time + Program	Kindergarten Enrichment Program	Totals
Operating Revenues:				
Charges for Services:				
Daily Sales - Reimbursable Programs	178,653			178,653
Daily Sales - Non-Reimbursable Programs	99,284			99,284
Miscellaneous	3,056	229,715	165,108	397,879
Total Operating Revenues	280,993	229,715	165,108	675,816
Operating Expenses:				
Cost of Sales	213,811			213,811
Labor	178,939	128,949	86,158	394,046
Supplies and Materials	36,552	4,680	737	41,969
Employee Benefits	11,845	10,452	6,370	28,667
Miscellaneous Expense	3,632	1,374		5,006
Depreciation	1,044			1,044
Total Operating Expenses	445,823	145,455	93,265	684,543
Operating Income (Loss)	(164,830)	84,260	71,843	(8,727)
Non-operating Revenues (Expenses):				
State Sources:				
State School Lunch Program	5,001			5,001
Federal Sources:				
National School Lunch Program	128,107			128,107
National School Breakfast Program	5,419			5,419
Food Distribution Program	27,316			27,316
Total Non-operating Revenues (Expenses)	165,843	-	-	165,843
Income (Loss) Before Contributions & Transfers	1,013	84,260	71,843	157,116
Transfers In (Out)				-
Change in Net Position	1,013	84,260	71,843	157,116
Total Net Position - Beginning	125,697	402,766	415,162	943,625
Total Net Position—Ending	126,710	487,026	487,005	1,100,741

Tinton Falls School District
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2014

	Food Service Program	Time + Program	Kindergarten Enrichment Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	280,638	229,715	166,348	676,701
Payments to employees	(190,784)	(139,401)	(92,528)	(422,713)
Payments for Miscellaneous Expenses	(3,632)	(5,645)	391	(8,886)
Payments to Food Service Management Company	(260,648)			(260,648)
Net Cash Provided by (Used for) Operating Activities	(174,426)	84,669	74,211	(15,546)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources	4,997			4,997
Federal Sources	157,842			157,842
Net Cash Provided by (Used for) Non-Capital Financing Activities	162,839	-	-	162,839
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interfund	21,538			21,538
Net Cash Provided by (Used for) Capital Related Financing Activities	21,538	-	-	21,538
Net Increase (Decrease) in Cash and Cash Equivalents	9,951	84,669	74,211	168,831
Balances—Beginning of Year	73,264	402,766	452,047	928,077
Balances—End of Year	83,215	487,435	526,258	1,096,908
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	(164,830)	84,260	71,843	(8,727)
Adjustments to reconcile operating income (loss) to net cash provided by (Used for) operating activities:				
Depreciation	1,044			1,044
Increase (Decrease) in Deferred Revenue	(355)		1,240	885
(Increase) Decrease in Inventory	(1,030)			(1,030)
Increase (Decrease) in Accounts Payable	(9,255)	409	1,128	(7,718)
Total Adjustments	(9,596)	409	2,368	(6,819)
Net Cash Provided by (Used for) Operating Activities	(174,426)	84,669	74,211	(15,546)

FIDUCIARY FUND

Tinton Falls School District
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	63,803
Total assets	<u>63,803</u>
LIABILITIES	
Payable to student groups	43,272
Payroll deductions and withholdings	<u>20,531</u>
Total liabilities	<u>63,803</u>
NET POSITION	<u><u>-</u></u>

Exhibit H-2

**Tinton Falls School District
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2014**

N/A

Tinton Falls School District
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Year Ended June 30, 2014

	<u>Balance July 1, 2013</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2014</u>
ELEMENTARY SCHOOLS:				
Atchinson	21,572	4,205	4,075	21,702
Swimming River	9,637	3,726	3,800	9,563
Tinton Falls	11,251	20,065	19,309	12,007
Tinton Falls Athletic Fund	-	9,870	9,870	-
	<u>42,460</u>	<u>37,866</u>	<u>37,054</u>	<u>43,272</u>

Tinton Falls School District
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2014

	Balance July 1, 2013	Cash Receipts	Cash Disbursed	Balance June 30, 2014
Net Payroll	3	8,508,212	8,508,212	3
Payroll Deductions and Withholdings	6,060	6,526,528	6,512,060	20,528
	<u>6,063</u>	<u>15,034,740</u>	<u>15,020,272</u>	<u>20,531</u>

LONG-TERM DEBT

Tinton Falls School District
General Long Term Debt Account Group
Statement of Serial Bonds
June 30, 2014

ISSUE	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest Rate	Balance July 1, 2013	Issued	Retired	Balance June 30, 2014
School Refunding Bonds of 2004	7/15/2004	\$ 13,295,000	10/15/2014	1,265,000	5.000%				
			10/15/2015	1,285,000	5.000%				
			10/15/2016	870,000	5.000%	4,635,000		1,215,000	3,420,000
School Refunding Bonds of 2011	7/7/2011	\$ 2,150,000	3/15/2015	225,000	4.000%				
			3/15/2016	235,000	4.000%				
			3/15/2017	240,000	4.000%				
			3/15/2018	255,000	5.000%				
			3/15/2019	265,000	5.000%				
			3/15/2020	270,000	5.000%				
			3/15/2021	270,000	5.000%				
			3/15/2022	265,000	3.250%				
						2,050,000		25,000	2,025,000

**Tinton Falls School District
General Long Term Debt Account Group
Statement of Serial Bonds
June 30, 2014**

ISSUE	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest Rate	Balance July 1, 2013	Issued	Retired	Balance June 30, 2014
School Bonds of 2011	2/1/2011	\$ 4,768,000	3/15/2015	185,000	3.000%				
			3/15/2016	190,000	3.000%				
			3/15/2017	195,000	3.000%				
			3/15/2018	205,000	3.000%				
			3/15/2019	210,000	3.000%				
			3/15/2020	220,000	3.250%				
			3/15/2021	225,000	3.250%				
			3/15/2022	240,000	3.500%				
			3/15/2023	245,000	4.000%				
			3/15/2024	255,000	4.000%				
			3/15/2025	265,000	4.000%				
			3/15/2026	275,000	4.000%				
			3/15/2027	285,000	4.000%				
			3/15/2028	300,000	4.125%				
			3/15/2029	310,000	4.250%				
			3/15/2030	325,000	4.250%				
			3/15/2031	328,000	4.250%				
						4,433,000		175,000	4,258,000
						11,118,000		1,415,000	9,703,000

Tinton Falls School District
General Long Term Debt Account Group
Statement of Obligations under Capital Leases
June 30, 2014

SERIES	Amount Outstanding on July 1, 2013	Issued in Current Year	Retired in Current Year	Amount Outstanding on June 30, 2014
Xerox Copiers	136,439		27,288	109,151
TOTAL	136,439	-	27,288	109,151

Tinton Falls School District
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	1,771,732	-	1,771,732	1,771,732	-
State Sources:					
Debt Service Aid Type II	49,409		49,409	49,409	-
Miscellaneous Revenue		-	-		
Total Revenues	1,821,141	-	1,821,141	1,821,141	-
EXPENDITURES:					
Regular Debt Service:					
Interest	455,703		455,703	455,703	-
Redemption of Principal	1,415,000		1,415,000	1,415,000	-
Total Regular Debt Service	1,870,703	-	1,870,703	1,870,703	-
Total expenditures	1,870,703	-	1,870,703	1,870,703	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(49,562)	-	(49,562)	(49,562)	-
Other Financing Sources:					
Operating Transfers In:					
Interest Earned in Capital Projects Fund	-	-	-	4,197	4,197
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(49,562)	-	(49,562)	(45,365)	4,197
Fund Balance, July 1	54,769	-	54,769	54,769	
Fund Balance, June 30	<u>5,207</u>	<u>-</u>	<u>5,207</u>	<u>9,404</u>	<u>4,197</u>

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

- J-1 Net Assets/Position by Component
- J-2 Changes in Net Assets/Position
- J-3 Fund Balances - Governmental Funds
- J-4 Changes in Fund Balances - Governmental Funds
- J-5 General Fund Other Local Revenue by Source

Revenue Capacity

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
- J-8 Principal Property Taxpayers
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Debt Capacity

- J-10 Ratios of Outstanding Debt by Type
- J-11 Ratios of General Bonded Debt Outstanding
- J-12 Direct and Overlapping Governmental Activities Debt
- J-13 Legal Debt Margin Information

Demographic and Economic Information

- J-14 Demographic and Economic Statistics
- J-15 Principal Employers

Operating Information

- J-16 Full-time Equivalent District Employees by Function/Program
- J-17 Operating Statistics
- J-18 School Building Information*
- J-19 Schedule of Allowable Maintenance Expenditures by School Facility
- J-20 Insurance Schedule

STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

Contents

Page

Financial Trends

These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

J-14 to J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

BOROUGH OF TINTON FALLS SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	2005	2006	2007	2008	2009	2010	2011	2012	RESTATED 2013	2014
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	4,517,972	5,938,317	6,894,281	7,547,803	8,362,663	9,983,688	8,045,100	12,239,035	15,185,862	16,413,404
Restricted	6,945,594	8,532,105	9,972,636	11,007,314	10,619,042	9,680,083	14,666,358	13,389,529	9,452,784	10,128,673
Unrestricted	866,042	370,562	10,840	107,311	560,969	110,138	(39,857)	48,971	3,141,906	2,973,257
Total Governmental Activities Net Position	12,329,608	14,840,984	16,877,757	18,662,428	19,542,674	19,773,909	22,671,601	25,677,535	27,780,552	29,515,334
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	-	-	-	-	-	-	-	9,394	8,350	7,307
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	159,516	243,527	322,198	390,501	474,656	580,555	689,404	777,445	935,275	1,093,434
Total Business-type Activities Net Position	159,516	243,527	322,198	390,501	474,656	580,555	689,404	786,839	943,625	1,100,741
District-wide										
Invested in Capital Assets, Net of Related Debt	4,517,972	5,938,317	6,894,281	7,547,803	8,362,663	9,983,688	8,045,100	12,248,429	15,194,212	16,420,711
Restricted	6,945,594	8,532,105	9,972,636	11,007,314	10,619,042	9,680,083	14,666,358	13,389,529	9,452,784	10,128,673
Unrestricted	1,025,558	614,089	333,038	497,812	1,035,625	690,693	649,547	826,416	4,077,181	4,066,691
Total District Net Position	12,489,124	15,084,511	17,289,955	19,052,929	20,017,330	20,354,464	23,361,005	26,484,374	28,724,177	30,616,075

Source: District Audits

Note: The assigned reserve for encumbrances were included in unrestricted for FY 2013 and 2014, prior to that it was included in the restricted dollar amounts.

BOROUGH OF TINTON FALLS SCHOOL DISTRICT

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

Unaudited

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities:										
Instruction:										
Regular	7,026,123	6,901,858	7,138,074	7,314,967	7,563,566	7,438,363	7,155,788	7,657,700	7,727,613	7,111,079
Special Education	1,750,651	1,952,497	2,131,103	2,366,441	2,462,588	2,059,213	1,869,541	2,268,751	2,163,019	2,245,663
Other Special Instruction	262,310	245,636	317,976	379,837	374,905	374,905	273,564	373,591	406,369	428,882
Other Instruction	92,163	97,548	104,979	113,457	111,262	124,842	112,936	115,722	117,308	123,080
Support Services:										
Tuition	1,018,136	932,772	728,272	666,895	554,227	544,104	538,468	457,644	540,165	472,421
Student & Instruction Related Services	2,242,653	2,275,081	2,442,347	2,648,756	2,888,843	2,905,887	2,762,055	2,903,659	3,309,953	3,446,431
General Administrative Services	615,421	608,983	605,198	617,402	589,948	562,216	634,441	541,409	532,366	575,136
School Administrative Services	969,271	795,663	799,893	822,457	887,085	908,459	923,854	942,805	908,650	915,384
Central Services & Admin. Info. Technology		296,097	269,227	329,273	326,551	389,127	384,650	430,472	385,938	360,903
Plant Operations and Maintenance	1,710,736	1,709,152	1,921,887	1,936,764	1,985,540	1,843,435	1,745,891	1,659,335	1,713,986	1,770,799
Pupil Transportation	1,888,887	1,698,862	1,723,554	1,845,817	1,929,737	1,853,934	1,712,608	1,639,665	1,542,488	1,603,811
Business and Other Support Services	19,711	-								
Unallocated Benefits	3,455,752	3,842,717	4,564,022	4,700,705	4,352,444	4,465,189	4,517,516	4,993,625	6,047,880	6,189,116
Capital outlay-underdepreciable	1,171,587	96,910		194,514		45,888	10,169	12,942	17,762	17,762
Interest on Long-term Debt	611,588	864,622	729,938	683,791	628,340	568,946	589,862	536,127	507,278	441,297
Unallocated Depreciation	648,491	634,267	688,281	705,673	725,378	779,482	813,818	934,218	1,147,000	1,251,235
Total Governmental Activities Expenses	23,503,460	22,952,665	24,164,751	25,326,749	25,480,214	24,826,589	24,031,181	25,467,665	27,067,755	26,952,999
Business-type Activities:										
Food Service	443,041	462,949	451,519	457,132	466,979	457,353	444,806	487,597	452,665	445,823
Time+	161,454	180,683	181,478	189,006	155,410	151,532	187,828	144,880	158,016	145,455
Kindergarten Enrichment Program		88,498	83,920	95,545	104,650	94,042	89,080	99,501	100,954	93,265
Total Business-type Activities Expenses	604,495	732,130	716,917	711,683	727,039	702,927	701,714	731,978	711,635	684,543
Total District Expenses	24,107,955	23,684,795	24,881,668	26,038,432	26,207,253	25,529,516	24,732,895	26,199,643	27,779,390	27,637,542
Program Revenues										
Governmental Activities:										
Operating and Capital Grants and Contributions	1,756,665	1,816,327	1,756,617	1,890,794	1,508,265	1,459,399	2,691,591	2,520,762	2,840,958	1,914,394
Total Governmental Activities Program Revenues	1,756,665	1,816,327	1,756,617	1,890,794	1,508,265	1,459,399	2,691,591	2,520,762	2,840,958	1,914,394
Business-type Activities:										
Charges for Services:										
Food Service	307,769	366,895	365,812	362,350	373,031	363,976	346,008	348,374	309,023	280,993
Operating Grants and Contributions	116,315	108,083	95,513	87,248	105,729	114,424	124,028	138,602	153,371	165,843
Kindergarten Enrichment		117,263	131,349	132,520	154,829	155,988	158,416	157,990	163,015	165,108
Time+	206,818	205,819	199,119	181,697	174,326	174,458	182,109	184,447	243,012	229,715
Total Business-type Activities Program Revenues	630,902	798,060	791,793	773,815	807,915	808,826	810,563	829,413	868,421	841,659
Total District Program Revenues	2,387,567	2,614,387	2,550,410	2,664,609	2,316,180	2,268,225	3,502,154	3,350,175	3,509,379	2,756,053

BOROUGH OF TINTON FALLS SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (Expense)/Revenue										
Governmental Activities	(21,746,795)	(21,136,338)	(22,406,134)	(23,435,955)	(23,971,949)	(23,367,190)	(21,339,590)	(22,947,103)	(24,426,797)	(25,038,805)
Business-type Activities	29,407	65,930	74,876	62,132	80,876	105,899	108,846	97,435	156,786	157,116
Total District-wide Net Expense	<u>(21,720,388)</u>	<u>(21,070,408)</u>	<u>(22,331,258)</u>	<u>(23,373,823)</u>	<u>(23,891,073)</u>	<u>(23,261,291)</u>	<u>(21,230,741)</u>	<u>(22,849,668)</u>	<u>(24,270,011)</u>	<u>(24,881,489)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	16,421,264	16,172,448	16,576,450	17,282,133	17,590,444	17,680,228	18,387,437	18,755,185	19,015,860	19,721,365
Taxes Levied for Debt Service	1,891,837	1,910,667	1,745,469	1,781,871	1,723,472	1,527,327	1,535,406	1,880,554	1,827,908	1,771,732
Unrestricted Federal and State Aid	4,876,823	5,128,948	5,330,029	5,563,284	5,146,911	4,134,280	4,201,864	5,085,716	5,541,513	5,113,720
Tuition Received	57,611	108,374	167,380	134,678	100,582	136,707	34,161	93,011	58,954	72,534
Interest on Investments	146,066	314,282	589,576	430,984	130,048	39,121	26,928	14,410	8,160	95,771
Miscellaneous Income	390,764	31,076	40,379	111,742	81,683	65,459	51,486	89,999	71,166	
Loss on refunding of long-term debt	(120,000)				106,032			54,162		
Capital Asset Adjustment			(18,306)	(167,895)		15,303				
Gain / (Loss) on Disposal of Assets		(18,081)	(3,795)	(6,171)	(16,977)				5,452	(1,735)
Transfers										
Total Governmental Activities	<u>(16,334)</u>	<u>(18,081)</u>	<u>(18,306)</u>	<u>(167,895)</u>	<u>(16,977)</u>	<u>15,303</u>	<u>24,237,282</u>	<u>25,953,037</u>	<u>26,529,813</u>	<u>26,773,387</u>
Business-type Activities:										
Transfers	18,334	18,081	3,795	6,171	3,279					
Total Business-type Activities	<u>18,334</u>	<u>18,081</u>	<u>3,795</u>	<u>6,171</u>	<u>3,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total District-wide	<u>23,664,965</u>	<u>23,665,795</u>	<u>24,430,977</u>	<u>25,136,797</u>	<u>24,855,474</u>	<u>23,598,425</u>	<u>24,237,282</u>	<u>25,953,037</u>	<u>26,529,813</u>	<u>26,773,387</u>
Change in Net Position										
Governmental Activities	1,901,836	2,511,376	2,021,048	1,694,671	880,246	231,235	2,897,692	3,005,934	2,103,016	1,734,782
Business-type Activities	42,741	84,011	78,671	68,303	84,155	105,899	108,849	97,435	156,788	157,116
Total District	<u>1,944,577</u>	<u>2,595,387</u>	<u>2,099,719</u>	<u>1,762,974</u>	<u>964,401</u>	<u>337,134</u>	<u>3,006,541</u>	<u>3,103,369</u>	<u>2,259,802</u>	<u>1,891,898</u>

Source: District Audits

BOROUGH OF TINTON FALLS SCHOOL DISTRICT
Fund Balances Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	2005	2006	2007	2008	2009	Fiscal Year Ending June 30, 2010	2011	2012	2013	2014
General Fund										
Reserved	5,409,169	6,727,809	8,448,729	9,518,854	9,205,113	8,543,862				
Unreserved	1,228,997	863,981	636,579	754,923	1,209,313	475,869				
Restricted							5,602,013	6,932,087	6,815,872	7,905,907
Assigned							2,763,846	2,530,453	3,055,392	2,985,905
Unassigned							703,474	674,884	741,512	804,776
Total General Fund	6,638,166	7,591,790	9,085,308	10,273,777	10,414,426	9,019,731	9,069,333	10,137,234	10,612,776	11,496,588
All Other Governmental Funds										
Reserved	30,797	196,171	88,650							
Unreserved, Reported in:										
Special Revenue Fund	(2,934)	(2,934)	(2,934)							
Capital Projects Fund	1,393,406	1,446,765	1,332,264	1,420,914	1,401,637	1,405,888				
Debt Service	115,156	164,294	105,927	67,546	12,292	1,681				
Restricted, Reported in:										
Capital Projects Fund							6,296,540	3,873,604	2,582,143	2,212,246
Debt Service Fund							3,959	53,375	54,789	9,404
Total All Other Governmental Funds	1,536,425	1,804,296	1,523,907	1,488,460	1,413,929	1,407,569	6,300,499	3,926,979	2,636,912	2,221,650

Source: District Audits

BOROUGH OF TINTON FALLS SCHOOL DISTRICT

Governmental Fund Expenditures by Function
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Tax Levy	18,313,101	18,083,115	18,321,919	19,084,004	19,303,916	19,207,555	19,922,843	20,635,739	20,844,568	21,493,097
Other Local Revenue	595,041	456,529	2,131,103	677,404	329,309	256,445	195,894	197,420	229,506	188,305
State Sources	5,563,886	5,993,138	6,344,483	6,549,403	5,710,103	4,740,322	5,966,111	6,801,088	7,295,646	6,385,646
Federal Sources	1,089,592	949,340	744,163	904,675	928,077	838,199	844,025	751,702	795,900	642,468
Total Revenues	25,541,630	25,482,122	25,410,565	27,195,486	26,271,405	25,042,521	26,928,873	28,385,949	29,165,320	28,689,516
Expenditures										
Instruction:										
Regular	6,943,799	6,748,640	6,995,405	7,185,127	7,536,311	7,333,207	7,079,836	7,591,154	7,700,587	7,086,213
Special	1,750,651	1,952,487	2,131,103	2,366,441	2,482,588	2,059,213	1,869,541	2,268,751	2,163,019	2,245,663
Other Special Instruction	262,310	245,636	317,976	379,837	374,905	317,664	279,564	375,591	406,369	428,882
Other Instruction	92,163	97,548	104,979	113,457	111,262	124,842	112,936	115,722	117,308	123,080
School-Sponsored/Other Instructional										
Support Services:										
Instruction - Tuition	1,018,138	932,772	728,272	666,895	554,227	544,104	521,532	443,585	540,165	472,421
Student Related Services	2,242,653	2,275,081	2,442,347	2,906,861	2,909,608	2,980,152	2,785,430	2,883,712	3,309,953	3,446,431
Instructional Staff										
General Administration	615,421	604,926	603,607	616,915	589,948	582,216	634,441	541,409	512,028	545,022
School Administration	1,093,176	795,663	799,893	822,457	887,065	908,499	923,854	942,805	908,650	915,384
Central Services & Admin. Info. Technology		286,097	269,227	329,273	326,551	389,127	384,650	430,472	385,938	368,191
Operations and Maintenance	1,708,796	1,822,399	1,919,984	1,934,547	1,940,740	1,841,218	1,738,765	1,848,346	1,749,202	1,758,067
Student Transportation	1,888,887	1,698,862	1,862,169	1,845,817	1,929,737	1,853,934	1,712,608	1,639,865	1,542,468	1,503,811
Business and Other Support Services	19,711									
Employee Benefits	3,455,752	3,794,652	4,421,489	4,668,448	4,318,657	4,483,265	4,459,981	5,072,247	6,004,770	6,213,400
Transfer to Charter School								14,060		
Capital Outlay	1,237,287	1,000,549	469,373	306,043	405,296	1,234,000	2,443,102	3,095,904	2,900,166	1,121,963
Debt Service:										
Principal	1,325,000	1,195,000	1,195,000	1,200,000	1,200,000	1,210,000	1,270,000	1,345,000	1,360,000	1,415,000
Interest and Other Charges	682,221	782,223	740,151	694,175	641,395	592,135	521,165	575,123	521,103	455,703
Total Governmental Fund Expenditures	24,335,963	24,242,545	24,990,975	26,036,293	26,186,310	26,443,576	26,737,405	28,981,746	30,121,736	28,219,231
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,205,667	1,239,577	419,590	1,159,193	83,095	(1,401,055)	191,468	(595,797)	(956,416)	470,285
Other Financing Sources (Uses)										
Operating Transfers In	22,602	662,398		10,757		533,184	1,926,678	5,004	10,659	59,972
Operating Transfers Out	(38,936)	(680,479)	(3,795)	(16,928)	(16,977)	(533,184)	(1,943,614)	(5,004)	(5,207)	(61,707)
Proceeds from Borrowing							4,768,000	34,014		
Payment to refunding escrow							(743,836)		136,439	
Capital Leases (non-budgeted)	163,944									
Total Other Financing Sources (Uses)	147,610	(18,081)	(3,795)	(6,171)	(16,977)		4,751,064	(708,822)	141,891	(1,735)
Net Changes in Fund Balance	1,353,277	1,221,496	415,795	1,153,022	66,118	(1,401,055)	4,942,532	(1,305,619)	(814,525)	468,550
Debt Service as a percentage of noncapital expenditures	8.69%	8.51%	7.86%	7.39%	7.14%	7.11%	7.37%	7.42%	6.91%	6.90%

Source: District records.

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.

Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

BOROUGH OF TINTON FALLS SCHOOL DISTRICT

General Fund Other Local Revenue by Source
 Last Ten Fiscal Years
 Unaudited

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Interest Income</u>	<u>Miscellaneous</u>	<u>Total</u>
2005	57,611	146,666	390,764	595,041
2006	108,374	314,282	33,873	456,529
2007	167,380	506,780	33,186	707,346
2008	134,678	420,227	77,663	632,568
2009	100,582	130,048	98,679	329,309
2010	136,707	38,975	65,459	241,141
2011	34,161	24,015	51,486	109,662
2012	93,011	9,406	56,311	158,728
2013	58,984	8,160	65,930	133,074
2014	72,534		62,121	134,655

Source: District records.

Tinton Falls School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited

Borough of Tinton Falls:

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2004	34,362,304	853,176,443	3,368,100	275,500	181,618,300	16,401,300	88,104,800	1,187,326,747	0	2,262,675	1,189,589,422	1.498	2,134,674,218
2005	36,489,704	897,285,943	3,108,800	209,000	190,298,500	16,401,300	99,635,200	1,243,428,447	0	1,860,866	1,245,289,313	1.412	2,501,717,012
2006	42,013,900	909,550,000	2,938,700	198,100	189,808,700	17,596,900	97,242,400	1,256,348,700	0	1,546,453	1,260,895,153	1.411	2,542,770,410
2007	41,155,900	930,617,300	2,938,700	198,100	191,731,300	15,274,600	97,242,400	1,279,158,300	0	1,444,988	1,280,603,288	1.447	2,985,510,952
2008	119,373,500	2,097,157,300	6,307,800	239,200	439,797,200	38,222,500	219,667,600	2,918,765,100	0	3,722,499	2,922,487,599	0.644	3,277,610,613
2009	96,694,100	2,096,852,400	6,307,800	239,200	520,712,800	38,601,400	242,240,100	3,001,637,800	0	4,276,318	3,005,914,118	0.623	3,241,270,014
2010	96,028,200	2,061,510,100	5,773,200	235,700	553,536,700	38,136,900	239,172,900	2,994,395,700	0	4,447,519	2,998,843,219	0.648	3,167,733,583
2011	81,442,000	1,979,718,700	5,732,500	229,100	526,100,300	35,757,400	239,172,900	2,868,152,900	0	4,457,320	2,872,610,220	0.703	3,094,264,906
2012	73,089,000	1,895,100,800	5,732,500	229,200	509,307,800	32,164,200	239,172,900	2,754,796,400	0	3,862,979	2,758,659,379	0.739	2,911,474,837
2013	76,574,400	1,894,145,300	5,732,500	229,200	506,907,300	32,164,200	239,172,900	2,754,925,800	0	3,862,979	2,758,788,779	0.763	2,863,000,331

Source: District records Tax list summary, Municipal Tax Assessor and Monmouth County Abstract of Rates

Note: Real property is required to be assessed at some percentage of true value (air or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

R Denotes revaluation.

Tinton Falls School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited

Shrewsbury Township:

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2004	\$0	\$9,103,800	\$0	\$0	\$0	\$0	\$18,134,300	\$27,238,100	0	50,501	\$27,288,601	1.517	55,121,467
2005	\$0	\$9,103,800	\$0	\$0	\$0	\$0	\$18,134,300	\$27,238,100	0	66,336	\$27,304,436	1.709	63,030,044
2006	\$0	\$9,103,800	\$0	\$0	\$0	\$0	\$18,134,300	\$27,238,100	0	47,361	27,285,461	1.826	63,041,570
2007	\$0	\$9,103,800	\$0	\$0	\$0	\$0	\$18,134,300	\$27,238,100	0	40,437	\$27,278,537	1.946	75,297,009
2008	\$0	\$24,984,700	\$0	\$0	\$0	\$0	\$47,611,500	\$72,576,200	0	140,814	\$72,717,014	0.671	79,818,479
2009	\$0	\$24,984,700	\$0	\$0	\$0	\$0	\$47,611,500	\$72,576,200	0	149,178	\$72,725,378	0.670	79,314,947
2010	\$0	\$24,984,700	\$0	\$0	\$0	\$0	\$47,606,300	\$72,571,000	0	191,912	\$72,762,912	0.663	75,611,792
2011	\$0	\$24,984,700	\$0	\$0	\$0	\$0	\$47,606,300	\$72,571,000	0	191,912	\$72,762,912	0.637	69,659,242
2012	\$0	\$20,494,700	\$0	\$0	\$0	\$0	\$36,002,600	\$56,497,300	0	358,313	\$56,855,613	0.779	53,374,413
2013	\$0	\$20,494,700	\$0	\$0	\$0	\$0	\$36,002,600	\$56,497,300	0	358,313	\$56,855,613	0.776	60,896,723

Source: District records Tax list summary, Municipal Tax Assessor and Monmouth County Abstract of Ratables

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

R Denotes revaluation.

**Tinton Falls School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

(rate per \$100 of assessed value)

Unaudited

Borough of Tinton Falls:

Fiscal Year Ended June 30,	Tinton Falls School District			Overlapping Rates					Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Monmouth		Tinton Falls Borough	Library/Other	Monmouth County	
				Local School District	Regional School District				
2004	1.311	0.187	1.498	1.498	0.725	0.611		0.579	3.413
2005	1.266	0.146	1.412	1.412	0.793	0.611		0.600	3.416
2006	1.262	0.149	1.411	1.411	0.797	0.785		0.597	3.590
2007	1.333	0.114	1.447	1.447	0.824	0.824		0.627	3.683
R 2008	0.596	0.058	0.644	0.644	0.369	0.383		0.283	1.679
2009	0.599	0.054	0.653	0.623	0.336	0.410		0.277	1.646
2010	0.592	0.056	0.648	0.648	0.344	0.416		0.285	1.693
2011	0.649	0.054	0.703	0.703	0.366	0.438		0.300	1.808
2012	0.672	0.067	0.739	0.739	0.409	0.464		0.305	1.917
2013	0.693	0.070	0.763	0.763	0.406	0.477		0.314	1.960

Township of Shrewsbury:

Fiscal Year Ended June 30,	Tinton Falls School District				Overlapping Rates				Total Direct and Overlapping Tax Rate
	General Obligation Debt Service ^b		Total Direct	Monmouth Regional School District		Shrewsbury Township	County Library/Other	Monmouth County	
	Basic Rate ^a								
				Local School District					
2004	1.315	0.187	1.517	1.517	0.614	1.501		0.572	4.204
2005	1.483	0.187	1.670	1.670	0.623	1.590		0.614	4.487
2006	1.613	0.193	1.806	1.806	0.724	1.760		0.675	4.985
2007	1.740	0.190	1.930	1.930	0.570	1.915		0.685	5.100
R 2008	0.655	0.060	0.715	0.715	0.322	0.859	0.015	0.265	2.176
2009	0.612	0.058	0.670	0.670	0.324	0.926	0.015	0.266	2.201
2010	0.606	0.057	0.663	0.663	0.315	1.019	0.014	0.267	2.278
2011	0.588	0.049	0.637	0.637	0.316	1.042	0.014	0.285	2.284
2012	0.701	0.078	0.779	0.779	0.469	1.327	0.014	0.264	2.853
		0.078	0.778	0.778	0.427	1.429	0.019	0.313	2.964

Source: District Records and Municipal Tax Collector

N/A=NOT AVAILABLE

^a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation taxable.

^b Rates for debt service are based on each year's requirements.

R Revaluation year.

Tinton Falls School District
Principal Property Taxpayers,

Unaudited

TINTON FALLS BOROUGH

	2013				2004			
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	
TF Campus LLC	\$194,755,600	1	7.06%		\$73,706,400	1	6.46%	
CPG Tinton Falls Urban Renewal, LLC	\$142,895,800	2	5.18%					
Avalonbay Community Inc.	\$29,430,000	3	1.07%					
Stavola Realty Company	\$15,924,900	4	0.58%		\$22,053,600	2	1.93%	
XPD (NJ), LLC	\$15,367,100	5	0.56%					
Hovsons, Inc.	\$13,550,000	6	0.49%		\$7,033,100	6	0.62%	
Tinton Pines Construction Co.	\$13,434,500	7	0.49%		\$6,621,100	7	0.58%	
Reidhass, LP	\$11,950,000	8	0.43%					
Sudler Monmouth LLC	\$11,872,700	9	0.43%					
New Plan Realty Trust	\$11,727,000	10	0.43%					
Tinton Telecom Center, LLC					\$12,000,000	3	1.05%	
BT-NEWYO, LLC					\$8,967,500	4	0.79%	
Kapson Tinton Falls Corp.					\$7,905,600	5	0.69%	
Shrewsbury / 35 Associates, LLC					\$6,446,400	8	0.57%	
HPTY Corp. (Marriot)					\$5,880,600	9	0.52%	
Winn Ltd (Holiday Inn)					\$5,800,000	10	0.51%	
	\$460,907,600		16.71%		\$156,414,300		13.72%	

Source: Municipal Tax Assessor

Tinton Falls School District
Principal Property Taxpayers

Exhibit J-8b

Unaudited

SHREWSBURY TOWNSHIP

	2013				2004			
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	
Coolidge Shrewsbury, LLC	\$ 5,617,200	1	9.88%		\$ 13,334,300	1	48.86%	
Alfred Vail Mutual	300,000	8	0.53%					
Coolidge Shrewsbury, LLC	3,674,700	2	6.46%		4,800,000	2	17.59%	
Shrewsbury Urban Renewal Corp					861,000	3	3.16%	
Township of Shrewsbury	988,100	3	1.73%					
Coolidge Shrewsbury, LLC	834,700	4	1.47%		77,900	4	0.29%	
Individual								
Township of Shrewsbury	575,600	5	1.01%		77,900	5	0.29%	
Individual								
Bell Atlantic	386,483	6	0.68%		77,900	6	0.29%	
Individual								
Township of Shrewsbury	333,000	7	0.59%		77,900	7	0.29%	
Individual					77,900	8	0.29%	
Individual	179,700	9	0.32%		77,900	9	0.29%	
Individual								
Individual	179,700	10	0.32%		77,900	10	0.29%	
Individual								
Total	\$ 13,069,183		13.11%		\$ 19,540,600		71.64%	

Source: Municipal Tax Assessor
N/A = Not Available

**Tinton Falls School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

TINTON FALLS BOROUGH

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2005	17,819,138	17,819,138	100.00%	-
2006	17,584,478	17,584,478	100.00%	-
2007	17,792,345	17,792,345	100.00%	-
2008	18,525,689	18,525,689	100.00%	-
2009	18,815,939	18,815,939	100.00%	-
2010	18,720,023	18,720,023	100.00%	-
2011	19,445,362	19,445,362	100.00%	-
2012	20,203,280	20,203,280	100.00%	-
2013	20,401,832	20,401,832	100.00%	-
2014	21,046,655	21,046,655	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

^a

School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

**Tinton Falls School District
Property Tax Levies and Collections,
Last Nine Fiscal Years**

SHREWSBURY TOWNSHIP

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2005	493,962	493,962	100.00%	-
2006	498,637	498,637	100.00%	-
2007	529,574	529,574	100.00%	-
2008	538,315	538,315	100.00%	-
2009	487,977	487,977	100.00%	-
2010	487,532	487,532	100.00%	-
2011	477,481	477,481	100.00%	-
2012	432,459	432,459	100.00%	-
2013	442,736	442,736	100.00%	-
2014	446,442	446,442	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

^a

School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities			Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Percentage of Personal Income ^a	
2005	15,644,447	0	350,202	0		15,994,649	1.94%	883
2006	14,492,540	0	406,919	0		14,899,459	1.62%	762
2007	13,337,257	0	292,369	0		13,629,626	1.40%	704
2008	13,161,107	0	310,214	0		13,471,321	1.20%	688
2009	11,990,060	0	218,865	0		12,208,925	1.13%	617
2010	10,616,959	0	128,435	0		10,945,394	1.07%	612
2011	14,289,380	0	85,460	0		14,374,860	1.38%	803
2012	12,228,440	0	45,808	0		12,274,248	1.12%	687
2013	10,881,187	0	136,439	0		11,017,626	N/A	613
2014	9,508,940	0	109,151	0		9,618,091	N/A	N/A

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANS)	Capital Leases	Total District		
2005	398,553	0	350,202	0		748,755	1.46%	\$ 679
2006	370,460	0	406,919	0		777,379	1.46%	\$ 711
2007	335,743	0	292,369	0		628,112	1.13%	\$ 579
2008	331,893	0	310,214	0		642,107	1.06%	\$ 587
2009	302,940	0	218,865	0		521,805	0.89%	\$ 490
2010	266,041	0	128,435	0		394,476	0.61%	\$ 346
2011	291,620	0	85,480	0		377,100	0.57%	\$ 330
2012	249,560	0	45,808	0		295,368	0.43%	\$ 263
2013	236,813	0	136,439	0		373,252	N/A	\$ 332
2014	194,060	0	109,151	0		303,211	N/A	\$ N/A

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the calendar year.

Tinton Falls School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Calendar Years
Unaudited

Borough of Tinton Falls:

Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	15,644,447.00	-	15,644,447	1.26%	\$ 823
2006	14,492,540.00	-	14,492,540	1.15%	\$ 764
2007	13,337,257.00	-	13,337,257	1.04%	\$ 697
2008	13,161,107.00	-	13,161,107	0.45%	\$ 668
2009	11,990,060.00	-	11,990,060	0.40%	\$ 606
2010	10,816,959.00	-	10,816,959	0.36%	\$ 604
2011	14,289,380.00	-	14,289,380	0.50%	\$ 798
2012	12,228,440.00	-	12,228,440	0.44%	\$ 684
2013	10,881,186.00	-	10,881,186	0.39%	\$ 605
2014	9,508,940.00	-	9,508,940	N/A	N/A

Shrewsbury Township:

Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	398,553	-	398,553	1.46%	\$ 364
2006	370,460	-	370,460	1.36%	\$ 341
2007	335,743	-	335,743	1.23%	\$ 312
2008	331,893	-	331,893	0.46%	\$ 311
2009	302,940	-	302,940	0.42%	\$ 284
2010	266,041	-	266,041	0.37%	\$ 233
2011	291,620	-	291,620	0.40%	\$ 256
2012	249,560	-	249,560	0.44%	\$ 222
2013	236,813	-	236,813	0.42%	\$ 211
2014	194,060	-	194,060	N/A	N/A

N/A= Not Available

^a See Exhibit NJ J-6 for property tax data.

^b Population data can be found in Exhibit NJ J-14.

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

Tinton Falls School District
Direct and Overlapping Governmental Activities Debt
As of December 31, 2013

<u>Borough of Tinton Falls</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Tinton Falls Borough (Net Debt)	\$ 22,140,036	100.000%	\$ 22,140,036
Monmouth County General Obligation Debt (Net Debt)	452,960,720	2.701%	12,234,469
Monmouth Regional High School	610,000	57.822%	352,712
Tinton Falls School District Direct Debt			
Authorized but not issued	0		-
Outstanding	9,903,000	97.99%	9,703,951
Total direct and overlapping debt			\$ 44,431,188

<u>Township of Shrewsbury</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Shrewsbury (Net Debt)	\$ 776,971	100.000%	\$ 776,971
Monmouth County General Obligation Debt	452,960,720	0.056%	252,132
Monmouth Regional High School	610,000	1.166%	7,235
Shrewsbury Township School District Direct Debt			
Authorized but not issued	0		-
Outstanding	9,903,000	2.01%	199,049
Total direct and overlapping debt			\$ 1,235,386

Sources: Assessed value data used to estimate applicable percentages provided by the Monmouth County Board of Taxation.
Debt outstanding data provided by each governmental unit annual debt statement.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District.
This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Tinton Falls School District
Legal Debt Margin Information,
Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2013

Legal Debt Margin Calculation for Fiscal Year 2013										
	Total Equalized Valuation			Borough of Tinton Falls		Township of Shrewsbury				
	Equalized valuation basis									
	2013	3,097,602,010	3,043,444,322				54,157,688			
	2012	2,909,623,679	2,849,101,665				60,522,014			
	2011	3,084,309,523	3,016,250,815				68,058,708			
	[A]	\$ 9,091,535,212	\$ 8,908,796,802				\$ 192,738,410			
	[A3]	\$ 3,030,511,737	\$ 2,969,598,934				\$ 60,912,803			
	Average equalized valuation of taxable property									
	[B]	90,915,352 a								
	[C]	10,513,000								
	[B-C]	\$ 80,402,352								
	Debt limit (3 % of average equalization value)									
	Net bonded school debt									
	Legal debt margin									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 53,441,299	\$ 65,566,677	\$ 77,535,619	\$ 89,710,399	\$ 95,234,386	\$ 97,548,534	\$ 97,336,153	\$ 97,336,153	\$ 92,776,495	\$ 90,915,352
Total net debt applicable to limit	17,073,000	15,678,000	14,693,000	13,493,000	12,478,000	11,278,000	14,786,000	12,478,000	13,108,000	10,513,000
Legal debt margin	\$ 36,368,299	\$ 49,888,677	\$ 62,842,619	\$ 75,217,399	\$ 82,756,386	\$ 86,270,534	\$ 82,550,153	\$ 84,858,153	\$ 79,668,495	\$ 80,402,352
Total net debt applicable to the limit as a percentage of debt limit	31.95%	24.22%	18.95%	15.21%	13.10%	11.56%	15.19%	12.82%	14.13%	11.56%

Source: Abstract of Rates and District Records CAFR Schedule J-7

^a Limit set by NUSA 18A-24-19 for a K through 8 district; other % limits would be applicable for other districts

Tinton Falls School District
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Borough of Tinton Falls:

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2004	17,711	\$ 824,765,848	46,568	3.2%
2005	19,012	\$ 922,195,072	48,506	4.0%
2006	18,958	\$ 975,483,890	51,455	4.1%
2007	19,139	\$ 1,048,836,339	54,801	3.7%
2008	19,703	\$ 1,118,243,765	56,755	4.8%
2009	19,772	\$ 1,082,932,212	54,771	7.9%
2010	17,907	\$ 1,019,893,185	56,955	8.1%
2011	17,911	\$ 1,045,196,405	58,355	8.1%
2012	17,889	\$ 1,097,621,194	61,426	8.5%
2013	17,976	N/A	N/A	8.6%

Shrewsbury Township:

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2004	1,102	\$ 51,317,936	46,568	4.0%
2005	1,094	\$ 53,065,564	48,506	7.2%
2006	1,085	\$ 55,828,675	51,455	7.2%
2007	1,075	\$ 58,911,075	54,801	6.6%
2008	1,068	\$ 60,614,340	56,755	8.4%
2009	1,065	\$ 58,331,115	54,771	13.5%
2010	1,141	\$ 64,985,655	56,955	13.7%
2011	1,141	\$ 66,563,055	58,355	13.8%
2012	1,125	\$ 69,104,250	61,426	14.3%
2013	1,124	N/A	N/A	8.0%

N/A= Not Available

a US Bureau of the Census, Population Division

b Population times per capita income

c Bureau of Economic Analysis November 2013

d New Jersey Department of Labor and Workforce Development

Unaudited

TINTON FALLS BOROUGH

[illegible]

N/A= NOT AVAILABLE

Unaudited

SHREWSBURY TOWNSHIP

Employer	2013			2014		
	Employees	Rank [Optional]	Percentage of Total Municipal Employment	Employees	Rank [Optional]	Percentage of Total Municipal Employment
			N/A			
	-		0.00%	-		0.00%

N/A= NOT AVAILABLE

Tinton Falls School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years

Exhibit J-16

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Instruction										
Regular	97	98	105	102	106	99	95	99	100	92
Special education	24	26	34	42	35	37	38	31	31	31
Other special education	22	31	19	38	38	35	31	36	35	35
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	4	6	10	4	4	3	3	4	4.5	7
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	17	18	29	19	20	27	21	23	24.5	20.5
General administrative services	5	5	6	5	5	5	5	3	3	3
School administrative services	13	13	13	13	13	15	15	14	14	13
Business administrative services	4	4	4	4	4	4	5	5	5	5
Plant operations and maintenance	16	17	16	15	10	6	6	5	5	-
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
Total	202	218	236	242	235	231	219	220	222	207

Source: District Personnel Records

BOROUGH OF TINTON FALLS SCHOOL DISTRICT

Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Elementary School	Middle School	Average Daily Enrollment (c)	Average Daily Attendance (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2005	1,618	21,658,453	\$ 13,385.94	19.06%	128	91.3	31.2	1,627.20	1,549.40	-5.69%	95.22%
2006	1,594	21,528,798	\$ 13,506.15	0.90%	134	94.0	50.0	1,576.30	1,506.10	-3.13%	95.55%
2007	1,559	21,987,960	\$ 14,103.89	4.43%	150	97	53	1,561.40	1,488.70	-0.85%	95.34%
2008	1,583	23,194,661	\$ 14,652.34	3.89%	159	105	54	1,575.30	1,506.40	0.89%	95.63%
2009	1,632	23,604,953	\$ 14,463.82	-1.29%	159	105	54	1,611.70	1,539.50	2.31%	95.52%
2010	1,585	23,093,166	\$ 14,569.82	0.73%	150	95.8	54.2	1,582.30	1,511.20	-1.82%	95.51%
2011	1,580	24,946,240	\$ 15,788.76	8.37%	145	85	59	1,580.00	1,537.32	-0.15%	97.30%
2012	1,565	23,965,719	\$ 15,313.56	-3.01%	149	98	51	1,554.10	1,487.30	-1.64%	95.70%
2013	1,531	25,340,467	\$ 16,551.58	8.08%	154	98	56	1,521.40	1,449.60	-3.71%	95.28%
2014	1,542	25,226,585	\$ 16,359.64	-1.15%	143	93	50	1,519.54	1,448.64	-2.22%	95.33%

Source:

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary.

BOROUGH OF TINTON FALLS SCHOOL DISTRICT

School Building Information
Last Ten Fiscal Years
Unaudited

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
District Building										
Elementary										
Mahala F. Atchinson (Year)										
Square Feet	86,950	86,950	86,950	86,950	86,950	86,950	86,950	86,950	86,950	86,950
Capacity (students)										
Enrollment										
Swimming River (Year)										
Square Feet	67,692	67,692	67,692	67,692	67,692	67,692	67,692	67,692	67,692	67,692
Capacity (students)										
Enrollment										
Middle School										
Tinton Falls Middle School (Year)										
Square Feet	102,255	102,255	102,255	102,255	102,255	102,255	102,255	102,255	102,255	102,255
Capacity (students)										
Enrollment										
Other										
Central Administration (Year)										
Square Feet	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Number of Schools at June 30, 2012										
Elementary	2									
Middle School	1									
Other	1									
	258,897	258,897	258,897	258,897	258,897	258,897	258,897	258,897	258,897	258,897

BOROUGH OF TINTON FALLS SCHOOL DISTRICT
General Fund
Schedule of Required Maintenance for School Facilities
Unaudited

**UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES**
11-000-261-XXX

School Facilities	Project #'s	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Mahala F. Atchinson	N/A	124,865	114,631	132,929	105,152	82,462	100,980	118,075	106,949	113,828	113,355
Swimming River School	N/A	99,147	100,017	93,569	96,051	84,359	113,422	106,642	88,771	88,412	96,393
Tinton Falls Middle School	N/A	127,723	134,828	108,725	100,696	107,060	104,479	100,536	119,234	101,753	90,471
Administration Building	N/A	9,939	9,097	10,052	17,270	35,454	8,915	28,864	8,950	7,893	10,841
Total School Facilities		361,674	358,573	345,275	319,169	309,335	327,796	354,117	323,904	311,886	311,060

BOROUGH OF TINTON FALLS SCHOOL DISTRICT

Insurance Schedule
June 30, 2014
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy -		
Property - Blanket Building & Contents	42,917,553	1,000
Comprehensive General Liability	\$1M OCC./\$2M AGG.	
Comprehensive Automobile Liability	1,000,000	500
Automobile Physical Damage	1,000,000	1,000
Comprehensive Crime Coverage	25,000	
Disappearance, Destruction, Forgery	100,000	
Computers and Schedule Equipment -		
Data Processing-Hardware	935,359	500
Data Processing-Media/Data	55,000	500
Other (Audio Visual)Equip.& Software	199,984	250
Boiler and Machinery - Property Damage	Incl. In Property	100
Umbrella Liability - Umbrella Policy	10,000,000	0
School Board Legal Liability	Cov. A \$1M/ Cov. B \$100,000	Each loss 5,000
Public Employee Faithful Performance	100,000	0
Business Administrator Bond	250,000	0
Treasurer Bond	250,000	0
Workers Compensation	Statutory	
Employers Liability	2,000,000	
Supplemental Workers Compensation	52 Week Limit	7 Day
Employee Benefit Liability	\$1M OCC./\$3M AGG.	1,000

Source: District Records.

SINGLE AUDIT SECTION

Ferraioli, Wielkott, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkott, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable President and
Members of the Board of Education
Borough of Tinton Falls School District
County of Monmouth, New Jersey
Tinton Falls, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Tinton Falls School District, in the County of Monmouth, New Jersey, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 7, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the Borough of Tinton Falls Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Tinton Falls Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Tinton Falls Board of Education's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Tinton Falls Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that were required to be reported to the Board of Education of the Borough of Tinton Falls School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated October 7, 2014.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Paul J. Cuva, C.P.A.
Licensed Public School Accountant
No. CS00076600



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

October 7, 2014



Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
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Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND N.J. OMB CIRCULAR 04-04

The Honorable President and
Members of the Board of Education
Borough of Tinton Falls School District
County of Monmouth, New Jersey
Tinton Falls, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Borough of Tinton Falls School District in the County of Monmouth, New Jersey, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Tinton Falls Board of Education's major federal and state programs for the year ended June 30, 2014. The Borough of Tinton Falls Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Tinton Falls Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and N.J. OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct



and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Tinton Falls Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Borough of Tinton Falls Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Borough of Tinton Falls Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Borough of Tinton Falls Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Tinton Falls Board of Education's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and N.J. OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Borough of Tinton Falls Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and New Jersey Circular 04-04-OMB and which are described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance as Finding No. 2014-1.

Honorable President and
Members of the Board of Education

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Page 3 of 3

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and N.J. OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133

We have audited the financial statements of the Borough of Tinton Falls Board of Education as of and for the year ended June 30, 2014, and have issued our report there dated October 7, 2014 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and N.J. OMB Circular 04-04 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.



Paul J. Cuva, C.P.A.
Licensed Public School Accountant
No. CS00076600



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

October 7, 2014



BOROUGH OF TINTON FALLS SCHOOL DISTRICT														K-3	
Schedule of Expenditures of Federal Awards														SCHEDULE A	
for the Fiscal Year Ended June 30, 2014															
Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2013	Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustments	(Accounts Receivable)	Deferred Revenue	Balance at June 30, 2014	MEMO Cumulative Total Expenditures
U.S. Department of Education															
General Fund:															
Impact Aid	84.041	N/A	33,012	9/1/13	8/31/14			33,012	(33,012)						33,012
								33,012	(33,012)						33,012
U.S. Department of Education															
Passed-through State Department of Education															
Special Revenue Fund:															
Title I	84.010	NCLB518514	139,162	7/1/13	6/30/14				(108,542)			(108,542)			108,542
Title I, Part A	84.010	NCLB518514	111,130	9/1/12	8/31/13	(41,521)		81,551	(18,106)					21,924	120,898
Title II, Part A	84.367	NCLB518514	36,763	7/1/13	6/30/14				(1,478)						1,478
Title II, Part D	84.367	NCLB518514	24,715	9/1/12	8/31/13	1,848		5,353	(7,598)			(357)			16,025
Title III, Part A	84.318	NCLB518512	21,436	9/1/11	8/31/12	(3,255)			(2,860)			(3,255)			21,436
Title III, Part A	84.365	NCLB518514	10,233	7/1/13	6/30/14				(2,860)			(2,860)			2,860
Title III, Part A	84.365	NCLB518513	6,056	9/1/12	8/31/13	(4,285)		2,484				(1,801)			11,928
Sub-total						(47,213)		89,388	(138,544)			(118,293)		21,924	283,167
IDEA A, Part B, Basic Regular	84.027	IDEA518514	591,493	7/1/13	6/30/14				(275,678)			(275,678)			275,678
IDEA A, Part B, Basic Regular	84.027	IDEA518513	475,434	9/1/12	8/31/13	(120,809)		537,782	(185,970)			(11,263)		253,003	378,890
IDEA A, Part B, Preschool	84.173	IDEA518514	20,728	7/1/13	6/30/14				(11,263)						11,263
IDEA A, Part B, Preschool	84.173	IDEA518510	14,830	9/1/12	8/31/13	(16,192)		19,781						3,589	18,781
Sub-total						(137,001)		559,563	(470,911)			(284,941)		236,592	682,418
Receivable To The Top Phase 3 (RTT3)	84.413A	N/A	7,829	9/1/11	8/31/15	(7,829)		7,829							7,829
Total Special Revenue Fund						(132,043)		656,780	(609,455)			(403,234)		218,516	973,415
U.S. Department of Agriculture															
Passed-through State Department of Education															
Child Nutrition Cluster:															
Non-Cash Assistance															
Food Distribution Program	10.555	N/A	27,316	7/1/13	6/30/14	1,715		25,601	(27,316)						27,316
Cash Assistance:															
National School Lunch Program	10.555	N/A	122,355	7/1/12	6/30/13	(24,692)		24,692							122,355
National School Lunch Program	10.555	N/A	128,107	7/1/13	6/30/14			101,600	(128,107)			(26,507)			128,107
School Breakfast Program	10.555	N/A	5,419	7/1/13	6/30/14			4,335	(5,419)			(1,184)			5,419
Total Enterprise Fund						(22,977)		156,128	(160,842)			(27,691)			283,197
Total Federal Financial Awards						\$ (213,030)	\$ -	\$ 845,920	\$ (803,309)	\$ -	\$ -	\$ (430,925)	\$ -	\$ 258,516	\$ 1,289,623

BOROUGH OF TINTON FALLS SCHOOL DISTRICT														K-4	
Schedule of Expenditures of State Financial Assistance														SCHEDULE D	
for the Fiscal Year Ended June 30, 2014															
State Grant/Program Title	Grant or State Project Number	Program or Account	Contract Period From	Contract Period To	Deficit Balance (Acct. Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Year's Business	Adjustment/Transfer to Off	(Accounts Receivable)	Repayment/Intercepted Payable	Due to Grantor	Budgetary Available	Cumulative Total Expenditures
State Department of Education															MEMO
General Fund:															
Transportation Aid	14-05-034-4120-014	84,349	7/01/13	6/30/14			84,349	(84,349)							84,349
Special Education Clerical Aid	14-05-034-4120-019	90,932	7/01/13	6/30/14			90,932	(90,932)							90,932
Adjustment Aid	14-05-034-4120-094	149,585	7/01/13	6/30/14			149,585	(149,585)							149,585
Additional Adjustment Aid	14-05-034-4120-095	1,596,564	7/01/13	6/30/14			1,596,564	(1,596,564)							1,596,564
Expenditure Aid	14-05-034-4120-085	26,588	7/01/13	6/30/14			26,588	(26,588)							26,588
Non-Public Transportation	14-05-034-4120-044	50,455	7/01/13	6/30/14	(50,455)			(50,455)							50,455
Non-Public Transportation	14-05-034-4120-014	12,339	7/01/13	6/30/14			12,339	(12,339)							12,339
On-Behalf TAFE Pension and Annuity Fund - Non-contributory Insurance	14-05-034-4120-014	15,948	7/01/13	6/30/14	(15,948)			(15,948)							15,948
On-Behalf TAFE Pension and Annuity Fund - Post Retirement Medical	14-05-034-4120-014	7,203	7/01/13	6/30/14			7,203	(7,203)							7,203
On-Behalf TAFE Pension and Annuity Fund - Post Retirement Medical	14-05-034-4120-014	42,481	7/01/13	6/30/14			42,481	(42,481)							42,481
On-Behalf TAFE Social Security Grants	14-05-034-4120-002	784,790	7/01/13	6/30/14			784,790	(784,790)							784,790
On-Behalf TAFE Social Security Grants	14-05-034-4120-002	795,316	7/01/13	6/30/14			795,316	(795,316)							795,316
Total General Fund					(55,555)		6,012,370	(5,984,216)							9,100,455
Special Revenue Fund:															
Distance Learning Network Aid	04-05-034-4120-031	83,466	7/01/13	6/30/14	13										83,466
D.J. Napolitano Aid	14-05-034-4120-044	38,848	7/01/13	6/30/14		919			919						38,848
Textbook Aid	14-05-034-4120-044	868	7/01/13	6/30/14			768	(57)							868
Tuition Aid	14-05-034-4120-073	10,687	7/01/13	6/30/14		270			270						10,687
Tuition Aid	14-05-034-4120-073	10,650	7/01/13	6/30/14			10,650	(10,650)							10,650
Auxiliary Services:															
Home Inspection	14-05-034-4120-047	836	7/01/13	6/30/14		836			836						836
Emergency Special Services	14-05-034-4120-046	7,220	7/01/13	6/30/14			7,220	(7,220)							7,220
Examination and Classification	14-05-034-4120-046	2,189	7/01/13	6/30/14		684			684						2,189
Examination and Classification Initial and Annual	14-05-034-4120-046	26,629	7/01/13	6/30/14			26,629	(26,629)							26,629
Corrective Speech	14-05-034-4120-070	38,444	7/01/13	6/30/14		1,287			1,287						38,444
Non-Public Services	14-05-034-4120-070	39,449	7/01/13	6/30/14			39,449	(39,449)							39,449
Character Education Aid	04-05-034-4120-053	4,449	7/01/13	6/30/14	4,276										4,449
Character Education Aid	04-05-034-4120-053	4,455	7/01/13	6/30/14	3,994										4,455
Teacher Quality Mentoring	04-05-034-4120-053	4,455	7/01/13	6/30/14	3,994										4,455
Teacher Quality Mentoring	04-05-034-4120-053	1,082	7/01/13	6/30/14	2,002										1,082
On-Behalf TAFE Exchange Award															
Total Special Revenue Fund					16,618	9,946	92,458	(93,213)	9,996				4,958		87,913
State Department of Agriculture															
State School Lunch Program	14-05-034-4120-023	4,712	7/01/13	6/30/14	(4,712)										4,712
State School Lunch Program	14-05-034-4120-023	5,001	7/01/13	6/30/14			4,951	(5,001)							5,001
Total Enterprise Fund					(4,440)		4,997	(5,001)							9,113
New Jersey Department of Economic Development															
Capital Projects Fund:															
School Facilities Project	5184-030-01-1001	1,400,200	7/01/10	6/30/11	(134,477)			(134,477)							1,400,200
School Facilities Project	5184-030-01-1002	1,400,200	7/01/10	6/30/11	(250,232)			(250,232)							1,400,200
School Facilities Project	5184-030-01-1003	728,000	7/01/10	6/30/11	(454,244)			(454,244)							728,000
School Facilities Project	5184-030-01-1000	299,943	07/01/06	06/30/06	(73,458)			(73,458)							299,943
School Facilities Project	5184-030-01-1000	41,922	07/01/06	06/30/07	(23,461)			(23,461)							41,922
State Department of Education															
Debt Service Fund:															
Debt Service Fund	14-05-034-4120-017	49,393	7/01/13	6/30/14			49,393	(49,393)							49,393
Total State Financial Assistance					\$ (2,111,320)	\$ 9,946	\$ 6,116,607	\$ (6,414,341)	\$ 9,996	\$	\$ (3,449,402)	\$ 1,803,213	\$ 4,958	\$ 361,141	\$ 16,662,748

Borough of Tinton Falls School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
June 30, 2014

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Page 1 of 2

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal and state award activity of the Board of Education, Borough of Tinton Falls School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2(C) and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-42-2.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS: (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$23,693 for the general fund and \$-0- for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$33,012	\$5,988,236	\$6,021,248
Special Revenue Fund	609,455	87,913	697,368
Capital Projects Fund		283,782	283,782
Debt Service Fund		49,382	49,382
Food Service Fund	<u>160,842</u>	<u>5,001</u>	<u>165,843</u>
Total Financial Awards	<u>\$803,309</u>	<u>\$6,414,314</u>	<u>\$7,217,623</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

Revenues and expenditures reported under the U.S.D.A. Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2014. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2014.

BOROUGH OF TINTON FALLS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

1. Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported
2. Material weakness(es) identified? _____ yes X no

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported
2. Material weakness(es) identified? _____ yes X no

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>I.D.E.A. Part B Basic</u>

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes _____ no

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)**

Section I - Summary of Auditor's Results, (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes no

Type of auditor's report issued on compliance for major programs: unmodified

Internal Control over major programs:

1. Significant deficiencies identified that are not
considered to be material weaknesses? yes X none reported

2. Material weakness(es) identified? yes X no

Any audit findings disclosed that are required to
be reported in accordance with NJ OMB Circular
Letter 04-04? yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
	Cluster: State Aid - Public
<u>14-495-034-5120-089</u>	(A) <u>Special Education Categorical Aid</u>
<u>14-495-034-5120-085</u>	(A) <u>Adjustment Aid</u>
<u>14-495-034-5120-014</u>	(A) <u>Transportation Aid</u>
<u>14-495-034-5120-044</u>	(A) <u>Extraordinary Aid</u>
<u>14-495-034-5095-002</u>	(A) <u>Reimbursed TPAF Social Security Contributions</u>

Note: (A) - Tested as major program.

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)**

Section II - Financial Statement Findings

None

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)**

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by OMB Circular A-133.

Finding 2014-1

Due to a change in the Federal fiscal year reporting periods, the District overclaimed for reimbursement of Federal Program funds for the following grants:

Information on the Federal Program

N.C.L.B. - Title I	C.F.D.A. No. 84.010	\$21,924
I.D.E.A. Basic	C.F.D.A. No. 84.027	233,003
I.D.E.A. Preschool	C.F.D.A. No. 84.173	<u>3,589</u>
Total		<u>\$258,516</u>

Criteria or Specific Requirement

Compliance supplements for the above referenced programs state that when awards are funded on a reimbursement basis, costs for which reimbursement was requested are to be paid prior to the date of the reimbursement request.

Condition

The District requested and received reimbursements of federal funds prior to incurring the costs associated with the reimbursement.

Questioned Costs

The reimbursement request that is being questioned amounted to \$258,516.

Context

The District requested and received several reimbursements from the above referenced programs prior the incurring the expense.

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)**

*Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs
(continued)*

Effect

The District did not comply with requirements contained in the compliance supplements for each grant.

Cause

Unknown

Recommendation

That in accordance with federal grant compliance supplements, the District not request reimbursement until related expenses have been incurred and that the District refund these reimbursements to their respective agencies.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Status of Prior Year Findings

All prior year audit findings were corrected.